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**KENTON COUNTY AIRPORT BOARD**

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**2020 AIRPORT REVENUE SUBORDINATE GENERAL BOND RESOLUTION**

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**Adopted on March 16, 2020**

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## GENERAL RESOLUTION

**A RESOLUTION DESIGNATED AS THE “2020 AIRPORT REVENUE SUBORDINATE GENERAL BOND RESOLUTION”; CONCERNING THE AUTHORIZATION OF AIRPORT REVENUE SUBORDINATE BONDS; ESTABLISHING GENERAL PROVISIONS RELATED TO THE AIRPORT REVENUE SUBORDINATE BONDS; PROVIDING FOR THE TERMS OF THEIR ISSUANCE, THE MANNER OF THEIR EXECUTION, THE METHOD OF THEIR PAYMENT, AND SECURITY THEREFOR; PROVIDING FOR THE COLLECTION OF AND PLEDGE OF CERTAIN SUBORDINATE NET REVENUES TO PROVIDE FOR PRINCIPAL AND INTEREST PAYMENT FOR THE AIRPORT REVENUE SUBORDINATE BONDS; PROVIDING FOR VARIOUS COVENANTS, AGREEMENTS, AND OTHER DETAILS, AND MAKING OTHER PROVISIONS CONCERNING AIRPORT FACILITIES, AND THE AIRPORT REVENUE SUBORDINATE BONDS; PROVIDING FOR THE TRANSFER OF LEGALLY AVAILABLE FUNDS INTO FUNDS AND ACCOUNTS ESTABLISHED HEREUNDER; AND PROVIDING OTHER MATTERS RELATING THERETO.**

**WHEREAS**, the Kenton County Airport Board (the “Board”) is a body politic and corporate and a political subdivision of the Commonwealth of Kentucky duly organized and validity existing under the laws of the Commonwealth pursuant to Chapter 183 of the Kentucky Revised Statutes, as supplemented and amended; and

**WHEREAS**, under the Constitution and the laws of the Commonwealth, the Board controls, possesses, supervises and has complete jurisdiction over, the existing Cincinnati/Northern Kentucky International Airport located in Boone County, Kentucky; and

**WHEREAS**, the Board is authorized and empowered by the laws of the Commonwealth including, without limitation, the Act, to (a) issue revenue bonds for the purpose of defraying the cost of acquiring, constructing, maintaining, expanding, financing, or improving “Airport Facilities” or “Air Navigation Facilities” (each as defined in the Act), (b) refund such revenue bonds, (c) adopt a resolution to secure such revenue bonds, and (d) provide for the pledge or assignment of revenues sufficient to pay the principal of and interest and premium, if any, on the revenue bonds; and

**WHEREAS**, pursuant to the Resolution adopted by the Board on May 16, 2016 (the “Senior General Bond Resolution”), the Board authorized and provided for the issuance of Senior Bonds secured by and payable from a pledge of Net Revenues (as defined in the Senior General Bond Resolution); and

**WHEREAS**, under the terms of the Senior General Bond Resolution, the Board may create a charge or lien on the Net Revenues that is junior and subordinate to the charge or lien securing such Senior Bonds issued and outstanding in accordance with the Senior General Bond Resolution; and

**WHEREAS**, the Board has determined that it is necessary and advisable to issue, from time to time, Subordinate Bonds (as hereinafter defined) for the purposes set forth in the Act and this Subordinate General Bond Resolution and that such Subordinate Bonds be payable from and secured by Subordinate Net Revenues (as hereinafter defined); and

**WHEREAS**, this Subordinate General Bond Resolution is intended to govern the issuance of, and establish general provisions relating to, certain Subordinate Bonds issued by the Board, payable and collectible solely out of Subordinate Net Revenues of the Airport and such other funds and accounts of the Airport as herein provided; and

**WHEREAS**, the Board hereby declares and provides that, with respect to the Net Revenues, the pledge and lien provided in this Subordinate General Bond Resolution, are junior and subordinate to the lien and pledge created by the Senior General Bond Resolution and any such obligations issued and outstanding in accordance herewith shall be junior and subordinate to those Senior Bonds issued and outstanding in accordance with the Senior General Bond Resolution.

**NOW, THEREFOR, BE IT RESOLVED BY THE KENTON COUNTY AIRPORT BOARD AS FOLLOWS:**

## **ARTICLE I**

### **DEFINITIONS AND INTERPRETATION**

Section 1.01 Short Title. This Subordinate General Bond Resolution may be cited as the “2020 Airport Revenue Subordinate General Bond Resolution.”

Section 1.02 Meaning and Words and Terms. In addition to words or terms elsewhere defined in this Subordinate General Bond Resolution the following words and terms as used in this Subordinate General Bond Resolution shall have the following meanings, unless some other meaning is plainly intended:

“Account(s)” means any account(s) residing in a Fund, as designated in Section 6.01 hereof or as otherwise designated under a Subordinate Series Resolution.

“Accreted Value” means, as of any date of computation with respect to any Subordinate Capital Appreciation Bond, the sum of the amount set forth in the Subordinate Series Resolution as the amount representing the initial principal amount of such Subordinate Capital Appreciation Bonds plus the interest accumulated, compounded and unpaid thereon as of the most recent compounding date; provided that in each case the Accreted Value shall be determined in accordance with the provisions of the Subordinate Series Resolution authorizing the issuance of such Subordinate Capital Appreciation Bonds calculated based on the assumption that Accreted

Value accrues during any period in equal daily amounts on the basis of a year consisting of twelve, 30-day months.

“Act” means Sections 183.132 through 183.165, inclusive, 183.476, and 183.630 through 183.740, inclusive, of the Kentucky Revised Statutes, as supplemented and amended, and Chapter 58 of the Kentucky Revised Statutes, as supplemented and amended, and all laws amendatory thereof or supplemental thereto.

“Additional Subordinate Bonds” means the Subordinate Bonds, notes and other evidence of indebtedness of the Board authorized to be issued under ARTICLE II hereof.

“Airport” means the site of the Cincinnati/Northern Kentucky International Airport in Boone County, Kentucky, together with all buildings, structures, terminals, concourses, runways, aprons, equipment and facilities thereof, taking into consideration all future reductions, extensions, expansions, and improvements thereto and enlargements thereof, whether or not made with the proceeds of Senior Bonds, Subordinate Bonds or other Junior Lien Obligations of the Board, grants from any federal, state or other public bodies or from any other funds of any nature whatsoever. Unless the Board expressly excludes any additional airport facilities acquired in the future, “Airport” also includes any additional airport facilities acquired by the Board in the future.

“Airport Consultant” means a firm or firms of national recognition experienced in the field of planning the development, operation and management of airports and aviation facilities, selected and employed by the Board from time to time.

“Authorized Representative” or “Authorized Representatives” means the Chairman of the Board, the Vice Chairman of the Board, the Secretary-Treasurer of the Board, the Chief Executive Officer, the Chief Financial Officer, or such other officers or employees of the Board or other persons which other officers, employees or persons have been designated by the Board by written notice as an Authorized Representative.

“Board” means the Kenton County Airport Board, a political subdivision of the Commonwealth, as created and organized under the Act.

“Bond Counsel” means a firm or firms of attorneys which are nationally recognized counsel experienced in matters relating to municipal finance and which are familiar with transactions contemplated under this Subordinate General Bond Resolution and which have been appointed by the Board (or by the Board’s Chief Executive Officer) as the Board’s bond counsel to perform the legal services required hereunder.

“Bondholder” or “Holder” means the holder or registered owner of any Subordinate Bonds Outstanding.

“Business Day” means a day on which banks located in New York, New York, and in the city in which the principal corporate office of the Paying Agent is located are open, provided that such term may have a different meaning for any specified Series of Subordinate Bonds if so provided by in the Subordinate Series Resolution.



“Capitalized Interest” means the amount of interest on a Series of Subordinate Bonds, if any, funded from the proceeds of such or another Series of Subordinate Bonds or other monies that are deposited in the Subordinate Bond Fund or the Subordinate Construction Fund as described or provided for in a Subordinate Series Resolution for the Series of Subordinate Bonds, a portion of the proceeds of which may to be used to pay interest on such or another Series of Subordinate Bonds.

“Code” means the Internal Revenue Code of 1986, as amended from time to time, or any successor Internal Revenue Code, and the applicable regulations promulgated thereunder and under the Internal Revenue Code of 1954, as amended.

“Commonwealth” means the Commonwealth of Kentucky.

“Completion Date” means the date of acquisition or completion of any Improvement, as certified by the Board.

“Consultant” means any consultant, engineer, engineering firm, firm of certified public accountants, or corporation, financial advisory firm, or other qualified person, firm or corporation of favorable repute for skill and experience in performing the duties for which it is employed by the Board under Section 8.15 hereof who:

- (a) is in fact independent of the Board;
- (b) does not have any substantial interest, direct or indirect, with the Board; and
- (c) is not connected with the Board as an officer or employee of the Board but who may be regularly retained to make annual or other periodic reports to the Board.

“Cost” or “Costs,” as applied to any Improvements financed with any Series of Subordinate Bonds, means, but are not limited to, all of the following:

(a) labor, materials, services, and other obligations incurred or provided by contractors, builders, and material men for (i) the construction, acquisition, and equipping of Improvements; (ii) the restoration of property damaged or destroyed in connection with such construction, acquisition, and equipping; and (iii) the demolition, removal, or relocation of any structures, and the clearing of lands as necessary for the Improvements;

(b) interest accruing upon any Series of Subordinate Bonds as may be provided in the corresponding Subordinate Series Resolution for such Subordinate Bonds;

(c) the cost of acquiring by purchase, and the amount of any award or final judgment in any proceeding, to acquire by condemnation, such land, structures and improvements, property rights, rights-of-way, franchises, easements, and other interests in lands as may be deemed necessary or convenient in connection with the construction or operation of the Airport, and the amount of any damages incident thereto;

(d) expenses of administration properly chargeable to the Improvements, including (i) construction, legal, architectural and engineering expenses and fees; (ii) cost of audits and of

preparing and issuing the Subordinate Bonds; (iii) fees and expenses of consultants; (iv) financing charges; (v) liability, property, and casualty insurance premiums in connection with construction; (vi) bond insurance premiums; (vii) the cost of funding the Subordinate Bond Reserve Fund; and (viii) all other items of expense not elsewhere in this subparagraph specified that are incident to financing, constructing, or acquiring the Improvements and placing them in operation;

(e) any obligation or expense incurred by the Board for any of the foregoing purposes, including the cost of materials, supplies or equipment furnished by the Board in connection with the construction of the Improvement and paid for by the Board out of the funds other than money in the Subordinate Construction Fund; and

(f) any other costs otherwise permitted to be financed with Subordinate Bonds under the Act, this Subordinate General Bond Resolution, and the Subordinate Series Resolution.

“Counterparty” means a financial institution whose senior long-term debt obligations, or whose obligations under any Interest Rate Swap are (a) guaranteed by a financial institution, or subsidiary of a financial institution, whose senior long-term debt obligations, are rated in one of the three highest Rating Categories by the Rating Agencies or (b) fully secured by obligations described in KRS 66.480(1)(a) or KRS 66.480(1)(b) which are valued not less frequently than monthly and have a fair market value, exclusive of accrued interest, at all times at least equal to 105% of the principal amount of the investment, together with the interest accrued and unpaid thereon.

“County” means Kenton County, Kentucky, a political subdivision of the Commonwealth.

“Credit Agreement” means, with respect to any Series of Subordinate Bonds, the credit agreement, line of credit, term loan agreement, direct purchase agreement (such as a continuing covenant agreement or supplemental bondholder’s agreement) or other form of agreement under which a person makes a loan or loans or otherwise provides credit to or for the benefit of the Board and which is provided for in the applicable Subordinate Series Resolution providing for the issuance of such Series of Subordinate Bonds.

“Credit Enhancer” means, with respect to a Series of Subordinate Bonds, the provider of a Credit Facility.

“Credit Facility” means, with respect to any Series of Subordinate Bonds, the letter of credit, line of credit, standby bond purchase agreement, municipal bond insurance, surety policy, or other form of credit enhancement and/or liquidity support, if any, for such Series of Subordinate Bonds, provided for in the applicable Subordinate Series Resolution, including any alternate Credit Facility with respect to such Series of Subordinate Bonds delivered in accordance with provisions of the Subordinate Series Resolution providing for the issuance of such Series of Subordinate Bonds.

“Customer Facilities Charges” or “CFCs” means the charges (including interest earnings thereon) authorized, implemented, and collected by the Board that are imposed on car rental operators from time to time to accommodate the Airport’s ground transportation needs.

“Defeasance Obligations” means (i) obligations described in KRS 66.480(1)(a) or KRS 66.480(1)(b) or any successors thereto, which are not redeemable prior to the maturity thereof, and (ii) state and municipal obligations, bonds, or certificates of indebtedness of the Commonwealth and of its agencies and instrumentalities, and securities issued by a state or local government, or any instrumentality or agency thereof in the United States, provided that the issuing entity has a long term debt rating of not less than “AA” (or its equivalent) by all Rating Agencies which rate that issuer, which are not redeemable prior to the maturity thereof or an optional redemption date thereof previously publicly announced by the paying agent or trustee therefor, and that are fully secured by and payable solely from obligations described in clause (i) held under an escrow agreement; and in each case under clauses (i) and (ii) hereof, only if permitted by the Investment Policy of the Board.

“Depositary” or “Depositaries” means any bank or trust company duly authorized by law to engage in the banking business and selected by the Board as a depositary of money under this Subordinate General Bond Resolution.

“Designated CFC Revenues” means, for any period of time, the amount of Customer Facilities Charges specified in any Subordinate Series Resolution (or any other action adopted by the Board) in which the Board irrevocably commits to pay Principal and Interest Requirements, and such Customer Facilities Charges shall be deemed Subordinate Other Available Revenues under this Subordinate General Bond Resolution.

“Designated Grant Revenues” means, for any period of time, the amount of Grant Funds specified in any Subordinate Series Resolution (or any other action adopted by the Board) in which the Board irrevocably commits to pay Principal and Interest Requirements, and such Grant Funds shall be deemed Subordinate Other Available Revenues under this Subordinate General Bond Resolution.

“Designated PFC Revenues” means, for any period of time, the amount of Passenger Facilities Charges specified in any the Subordinate Series Resolution (or any other action adopted by the Board) in which the Board irrevocably commits to pay Principal and Interest Requirements, and such Passenger Facilities Charges shall be deemed Subordinate Other Available Revenues under this Subordinate General Bond Resolution.

“Eminent Domain” means the eminent domain or condemnation power by which all or any part of the Airport may be taken for another public use or any agreement that is reached in lieu of proceedings to exercise such power.

“EMMA” means the Electronic Municipal Market Access system operated by the Municipal Securities Rulemaking Board, or any successor thereto designated as a nationally recognized municipal securities information repository by the United States Securities and Exchange Commission.

“Escrow Agent” means a bank or trust company, either within or without the Commonwealth, designated as Escrow Agent in the Escrow Deposit Agreement, and performing such functions as are required by such Escrow Deposit Agreement.

“Escrow Deposit Agreement” means any agreement between the Board and an Escrow Agent providing for the application of Subordinate Bond proceeds and other legally available funds of the Board to the payment and redemption of certain Outstanding Subordinate Bonds.

“Escrow Fund” means a Fund so designated under an Escrow Deposit Agreement.

“Event of Default” means each of those events of default as set forth in Section 9.01 hereof.

“Fiscal Year” means the fiscal year of the Board ending as of December 31 of each year or such other date as may be designated from time to time in writing by the Board.

“Fund(s)” means any fund(s) created or referred to in this Subordinate General Bond Resolution and designated in Section 6.01 hereof, as well as any funds created under a Subordinate Series Resolution.

“GAAP” means Generally Accepted Accounting Principles as then applicable to the Board.

“General Counsel” means that Person retained or employed by the Board and appointed by the Board (or by the Board’s Chief Executive Officer) as the Board’s general legal counsel to perform the legal services required hereunder.

“General Purposes Fund” means the special and separate account designated as the Kenton County Airport Board General Purposes Fund created pursuant to Section 6.01 of the Senior General Bond Resolution.

“Grant Funds” means grants (including interest earnings thereon, but only to the extent required by the terms of the grant) to be provided to the Board under a written commitment in connection with Airport facilities or projects.

“Improvement” or “Improvements” means any improvements, additions, replacements or extensions to the Airport, including real estate and interests therein, buildings, structures, fixtures, facilities and additions thereto, machinery, equipment, furniture, and other personal property.

“Interest Payment Date” means such date or dates as are specified as an Interest Payment Dates for a particular Series of Subordinate Bonds, Credit Agreement or Credit Facility in the corresponding Subordinate Series Resolution.

“Interest Rate Swap” means any contract, agreement or arrangement between the Board and a Counterparty relating to the issuance of any Series of Subordinate Bonds (a) providing for payments based on levels of, or changes in, interest rates or other indices, (b) providing for the exchange of cash flows or a series of payments, or (c) providing for the hedge of payment, rate

spread or similar exposure, including but not limited to interest rate exposure. The term “Interest Rate Swap” includes any interest rate swap agreement, a forward purchase contract, or any contract, including, without limitation, an interest rate floor or cap, or an option, put or call, to hedge payment, rate, spread or similar exposure.

“Interim Subordinate Bonds or Notes” means bonds or notes issued by the Board with a final maturity not longer than 60 months (or longer period if then so permitted by the provisions of Commonwealth law relating to the issuance of bond anticipation notes by counties) in anticipation of the refinancing thereof from all or a portion of the proceeds of a Series of Subordinate Bonds secured under this Subordinate General Bond Resolution.

“Investment Obligations” means all investments from time to time permitted to be purchased by political subdivisions of the Commonwealth, as set forth with particularity in KRS 66.480, as may be amended.

“Investment Policy” means the policy adopted by the Board and on file therewith from time to time governing permitted investments of moneys and funds of the Board.

“Junior Lien Obligation” means the indebtedness of the Board authorized by Section 8.09 hereof.

“Junior Lien Obligation Issuing Instrument” means, with respect to any Junior Lien Obligation, the resolution, loan agreement, lease, installment purchase agreement, revolving credit agreement or other instrument or agreement under which such Junior Lien Obligation is issued or incurred.

“Mandatory Sinking Fund Requirement(s)” means, with respect to Subordinate Term Bonds of any Series and for any Fiscal Year, the principal amount fixed in the Subordinate Series Resolution for the retirement of such Subordinate Term Bonds of any Series by purchase prior to, or redemption on, the Principal Payment Date of the following Fiscal Year. The aggregate amount of such Mandatory Sinking Fund Requirements for the Subordinate Term Bonds of each Series, together with the amount due upon the final maturity of such Subordinate Term Bonds, shall be equal to the aggregate principal amount of the Subordinate Term Bonds of such Series. The Mandatory Sinking Fund Requirements for the Subordinate Term Bonds of the same maturity of each Series shall begin in the Fiscal Year determined in accordance with the provisions of the Subordinate Series Resolution for such Series and shall end with the Fiscal Year immediately preceding the maturity of such Subordinate Term Bonds (such final installment being payable at maturity and not redeemed). Any Subordinate Series Resolution for any Series that contains Subordinate Term Bonds may specify such additional provisions as the Board deems necessary to adjust the Mandatory Sinking Fund Requirements for that Series, including, but not limited to, adjustments for any purchases of Subordinate Term Bonds or portions thereof from moneys in the Subordinate Principal Account prior to the next scheduled Mandatory Sinking Fund Requirement and any optional redemptions of Subordinate Term Bonds or portions thereof prior to the next scheduled Mandatory Sinking Fund Requirement.

“Master Plan” means any then effective plan stated to be a Master Plan of the Airport filed with the Board.

“Net Payments” means, with respect to an Interest Rate Swap, the amount payable by the Board on each scheduled payment date under such Interest Rate Swap net of the amount payable by the Counterparty under such Interest Rate Swap on such scheduled payment date, provided, however, Net Payments shall not include Termination Payments.

“Net Proceeds” means the gross proceeds derived from property insurance, less payment of attorneys’ fees and expenses properly incurred in the collection of those gross proceeds.

“Net Revenues” shall have the meaning provided in the Section 1.02 of the Senior General Bond Resolution, as such term may be amended or supplemented from time to time in accordance with the Senior General Bond Resolution.

“Outstanding” when used with reference to Subordinate Bonds means, as of a particular date, all Subordinate Bonds theretofore issued and secured under this Subordinate General Bond Resolution except:

(a) Subordinate Bonds theretofore cancelled by the Paying Agent or delivered to the Paying Agent for cancellation;

(b) Subordinate Bonds for the payment of which money, Defeasance Obligations, or a combination thereof, in an amount sufficient to pay on the date when such Subordinate Bonds are to be paid or redeemed the Redemption Price of the Subordinate Bonds to be paid or redeemed, have been irrevocably deposited in a subaccount of the Subordinate Redemption Account created for such purpose or under an Escrow Deposit Agreement and held in trust for the Holders of such Subordinate Bonds; Defeasance Obligations shall be deemed to be sufficient to pay or redeem Subordinate Bonds on a specified date if the principal of and the interest on such Defeasance Obligations, when due, will be sufficient to pay on such date the Redemption Price of such Subordinate Bonds to such date; and

(c) Subordinate Bonds in exchange for or in lieu of which other Subordinate Bonds have been authenticated and delivered under this Subordinate General Bond Resolution.

“Operation and Maintenance Expenses” or “O&M Expenses” shall have the meaning provided in the Senior General Bond Resolution, as such term may be amended or supplemented from time to time in accordance with the Senior General Bond Resolution.

“Passenger Facilities Charges” or “PFCs” means charges collected by the Board under the authority granted by the Aviation Safety and Capacity Expansion Act of 1990, the Aviation Investment Reform Act of 2000 and 14 CFR Part 158, as amended from time to time, in respect of any component of the Airport and interest earnings thereon, net of amounts that collecting air carriers are entitled to retain for collecting, handling and remitting such passenger facility charge revenues, or any similar fee or charge authorized by any amendment thereto or by any successor federal law.

“Paying Agent” means, with respect to each Series of Subordinate Bonds, (i) the banks or trust companies, if any, and their successors designated in the applicable Subordinate Series Resolution as the paying agent for such Series of Subordinate Bonds, or (ii) the Chief Financial

Officer of the Board if approved by the Board and the Bondholder of such Subordinate Bonds in which the Chief Financial Officer shall serve as the Paying Agent.

“Person(s)” means any individual, corporation, firm, association, partnership, trust or other entity or group of entities, including a governmental entity or any agency or political subdivision thereof.

“Principal and Interest Requirements” means the amount of payments from Subordinate Net Revenues which are required to be deposited in the applicable Funds and Accounts in each Fiscal Year for payment of principal of and interest on all Series of Subordinate Bonds, including any Mandatory Sinking Fund Requirements and Net Payments, and Non-Debt Service Obligations (as defined in the related Credit Agreement or Credit Facility) pursuant to a Credit Agreement or Credit Facility, and payment obligations to any Credit Enhancer to reimburse such Credit Enhancer for debt service payments made:

(a) in determining the amount of principal to be funded in each year, payment shall (unless a different subsection of this definition applies for purposes of determining principal maturities or amortization) be assumed to be made on Outstanding Subordinate Bonds in accordance with any amortization schedule established by the Subordinate Series Resolution setting forth the terms of such Subordinate Bonds; and in determining the amount of interest to be funded in each year, interest payable at a fixed rate shall (except to the extent any other subsection of this definition applies) be assumed to be made at such fixed rate and on the required funding dates;

(b) with respect to Variable Rate Subordinate Bonds, the interest rate shall be assumed to be *The Bond Buyer 25 Revenue Bond Index*, or its successor or replacement index, for the last week of the month preceding the date of calculation as published by *The Bond Buyer*, or if *The Bond Buyer 25 Revenue Bond Index* is no longer published, another similar index selected by the Board;

(c) with respect to Interim Subordinate Bonds or Notes, interest only and not the principal shall be included in Principal and Interest Requirements if all or a portion of the proceeds of any Series of Subordinate Bonds are expected to be used to refinance such Interim Subordinate Bonds or Notes and such Series of Subordinate Bonds have been duly authorized by the Board; provided however, no interest or principal on Interim Subordinate Bonds or Notes shall be included in Principal and Interest Requirements if the Board shall determine in the resolution authorizing the issuance of such Interim Subordinate Bonds or Notes that (i) such Interim Subordinate Bonds or Notes (1) shall be Junior Lien Obligations, or (2) shall not be secured by a pledge of Subordinate Net Revenues; or (ii) the Series of Subordinate Bonds expected to be issued to refinance such Subordinate Interim Bonds or Notes have been duly authorized by the Board as Junior Lien Obligations;

(d) with respect to Subordinate Optional Tender Bonds, Principal and Interest Requirements shall not include the principal portion of the purchase price of such Subordinate Optional Tender Bonds payable upon exercise by the holders thereof of the option to tender such Subordinate Bonds for purchase to the extent and for so long as a Credit Facility shall be in full force and effect with respect to such Subordinate Optional Tender Bonds but shall include the

regularly scheduled principal payments on such Subordinate Optional Tender Bonds, either upon payment at maturity or redemption in satisfaction of the Mandatory Sinking Fund Requirement for such Subordinate Optional Tender Bonds; provided, however, that during any period of time after the issuer of the Credit Facility has advanced funds thereunder and before such amount is repaid, Principal and Interest Requirements shall include the principal amount so advanced and interest thereon, in accordance with the principal repayment schedule and interest rate or rates specified in the Credit Facility;

(e) with respect to Subordinate Capital Appreciation Bonds, included as a principal amount, the Accreted Value maturing or scheduled for redemption in such Fiscal Year;

(f) if moneys or Defeasance Obligations have been irrevocably deposited or Capitalized Interest has been set aside exclusively to be used to pay principal or interest on specified Subordinate Bonds, then the principal or interest to be paid from such moneys, Defeasance Obligations or Capitalized Interest or from the earnings thereon shall be disregarded and not included in calculating Principal and Interest Requirements;

(g) Principal and Interest Requirements shall not include the principal of, redemption premium, if any, and interest on Junior Lien Obligations;

(h) if all or any portion or portions of an Outstanding Series of Subordinate Bonds constitute Subordinate Balloon Bonds, then, for purposes of determining Principal and Interest Requirements, each maturity that constitutes Subordinate Balloon Bonds shall, unless otherwise provided in the Subordinate Series Resolution under which such Subordinate Balloon Bonds are issued or unless paragraph (i) of this definition applies to such maturity, be treated as if it were to be amortized over a period of no more than 30 years and with substantially level annual debt service funding payments commencing not later than the year following the year in which such Subordinate Balloon Bonds were issued, and extending not later than the stated or deemed, as the case may be, final maturity of such Subordinate Balloon Bonds, but in no event later than 30 years from the date such Subordinate Balloon Bonds were originally issued; and the interest rate used for such computation shall be that rate quoted in *The Bond Buyer 25 Revenue Bond Index*, or its successor or replacement index, for the last week of the month preceding the date of calculation as published by *The Bond Buyer*, or if that index is no longer published, another similar index selected by the Board, or if the Board fails to select a replacement index, that rate determined by a banking institution or an investment banking institution selected by the Board knowledgeable in airport finance as the interest rate or rates at which the Board could reasonably expect to borrow by incurring indebtedness with the same term as assumed above, with no credit enhancement and taking into consideration whether such Subordinate Bonds bear interest which is or is not excluded from gross income for federal income tax purposes; with respect to any Series of Subordinate Bonds only a portion of which constitutes Subordinate Balloon Bonds, the remaining portion shall be treated as described in such other provision of this definition as shall be applicable and, with respect to any Series of Subordinate Bonds or that portion of a Series thereof which constitutes Subordinate Balloon Bonds, all Principal and Interest Requirements becoming due prior to the year of the stated maturity of the Subordinate Balloon Bonds shall be treated as described in such other provision of this definition as shall be applicable;



(i) any maturity of Subordinate Bonds which constitutes Subordinate Balloon Bonds as described in paragraph (h) of this definition and for which the stated maturity date occurs within 12 months from the date such calculation of Principal and Interest Requirements is made, shall be assumed to become due and payable on the stated maturity date and paragraph (h) above shall not apply thereto unless there is delivered to the person making the calculation of Principal and Interest Requirements a certificate of an Authorized Representative confirming the Board's intent to refinance such maturity and stating the probable terms of such refinancing; upon the receipt of such certificate, such Subordinate Balloon Bonds shall be assumed to be refinanced in accordance with the probable terms set out in such commitment and such terms shall be used for purposes of calculating Principal and Interest Requirements, provided that such assumption shall not result in an interest rate lower than that which would be assumed under paragraph (h) above and shall be amortized over a term of not more than 30 years from the date of refinancing;

(j) with respect to any obligations which are part of a Subordinate Commercial Paper Program, it shall be assumed that the authorized amount of such Subordinate Commercial Paper Program will be amortized over a term of 35 years and it shall be assumed that debt service with respect to such Subordinate Commercial Paper Program shall be paid in substantially level annual debt service payments over such assumed term; the interest rate used for such computation shall be that rate quoted in *The Bond Buyer 25 Revenue Bond Index*, or its successor or replacement index, for the last week of the month preceding the date of calculation as published by *The Bond Buyer*, or if that index is no longer published, another similar index selected by the Board, or if the Board fails to select a replacement index, that rate determined by a banking institution or an investment banking institution selected by the Board knowledgeable in airport finance as the interest rate or rates at which the Board could reasonably expect to borrow by incurring indebtedness with the same term as assumed above, with no credit enhancement and taking into consideration whether such obligations bear interest which is or is not excluded from gross income for federal income tax purposes;

(k) with respect to any Subordinate Variable Rate Bonds in connection with which there exists an Interest Rate Swap that obligates the Board to pay the Counterparty a fixed interest rate (for the period during which such Interest Rate Swap is reasonably expected to remain in effect), such Subordinate Bonds shall be deemed to bear interest at that fixed rate;

(l) with respect to any Subordinate Variable Rate Bonds in connection with which there exists an Interest Rate Swap that obligates the Board to pay the Counterparty a different variable interest rate (for the period during which such Interest Rate Swap is reasonably expected to remain in effect), the interest rate on such Subordinate Bonds shall be assumed to be *The Bond Buyer 25 Revenue Bond Index*, as further set forth in paragraph (b);

(m) with respect to any Subordinate Bonds that bear interest at a fixed rate in connection with which there exists an Interest Rate Swap that obligates the Board to pay the Counterparty a floating rate, the interest rate on the Subordinate Bonds (for the period during which such Interest Rate Swap is reasonably expected to remain in effect) shall be assumed to be *The Bond Buyer 25 Revenue Bond Index*, as further set forth in paragraph (b); and

(n) if all or any portion of the interest or principal due or coming due on Subordinate Bonds is paid or expected to be paid from cash subsidy payments or other similar payments

made or expected to be made by the United States Treasury or other federal or state governmental entity to or on behalf of the Board, the amount of interest or principal so paid or expected to be paid shall not be included in calculating Principal and Interest Requirements.

“Principal Payment Date” means, with respect to any Series of Subordinate Bonds, (a) the dates on which principal is stated to be payable with respect to a Credit Facility or a Credit Agreement, or (b) the dates on which principal is stated to be payable on the Subordinate Bonds at stated maturity or pursuant to Mandatory Sinking Fund Requirements.

“Rating Agency” and “Rating Agencies” means, with respect to a Series of Subordinate Bonds, any nationally recognized credit rating agencies specified in the related Subordinate Series Resolution.

“Rating Category” means (i) with respect to any long-term rating category of a Rating Agency, all ratings designated by a particular letter or combination of letters, without regard to any numerical modifier, plus or minus sign or other modifier and (ii) with respect to any commercial paper rating category of a Rating Agency, all ratings designated by a particular letter or combination of letters and taking into account any numerical modifier, but not any plus or minus sign or other modifier.

“Rebate Amount” means the amount required to be rebated to the United States pursuant to Section 148(f)(2) of the Code or successor provisions applicable to the Subordinate Bonds.

“Rebate Fund” means the special and separate account designated as the Kenton County Airport Board Rebate Fund created pursuant to Section 6.01 of the Senior General Bond Resolution.

“Redemption Price” means the principal amount of a Subordinate Bond called for redemption plus interest accrued thereon to the date of redemption, plus the applicable premium, if any, payable upon redemption thereof in the manner provided by the Subordinate Series Resolution.

“Reserve Requirement” means, for each Series of Subordinate Bonds, as of the date of any calculation, the amount, if any, designated as such for the Series of Subordinate Bonds in or under the Subordinate Series Resolution to be on deposit in or credited to an account in the Subordinate Bond Reserve Fund, which amount may take the form of a Credit Facility provided for in or under the related Subordinate Series Resolution.

“Reserve Requirement Deficiency” means, for each Series of Subordinate Bonds, the difference between the Reserve Requirement and the amount on deposit, whether in the form of moneys or a Credit Facility or both, in the respective account of the Subordinate Bond Reserve Fund as of the last day of the immediately preceding Fiscal Year.

“Revenue Fund” shall have the meaning provided in the Section 1.02 of the Senior General Bond Resolution, as such term may be amended or supplemented from time to time in accordance with the Senior General Bond Resolution.

“Revenues” shall have the meaning provided in the Section 1.02 of the Senior General Bond Resolution, as such term may be amended or supplemented from time to time in accordance with the Senior General Bond Resolution.

“Secretary-Treasurer” means the Secretary-Treasurer of the Board, or his or her designee, authorized to exercise the power and authority reposed in the Secretary-Treasurer, including any Assistant Secretary-Treasurer.

“Securities Depository” means a Depository registered under Section 17A of the Securities Exchange Act of 1934, as amended, which may be the record owner of Subordinate Bonds.

“Senior Bonds” means those “Bonds” issued in accordance with the Senior General Bond Resolution, which, as further described by the Senior General Bond Resolution, are secured by a lien and pledge on the Net Revenues that is senior to the Subordinate Bonds authorized herein.

“Senior General Bond Resolution” means the 2016 Airport Revenue General Bond Resolution adopted by the Board on May 16, 2016, authorizing the issuance of Senior Bonds.

“Series” means any series of Subordinate Bonds issued at any one time in accordance the Subordinate Series Resolution for such Subordinate Bonds.

“Special Facilities Revenues” shall have the meaning provided in the Section 1.02 of the Senior General Bond Resolution, as such term may be amended or supplemented from time to time in accordance with the Senior General Bond Resolution.

“Special Facility or Facilities” shall have the meaning provided in the Section 1.02 of the Senior General Bond Resolution, as such term may be amended or supplemented from time to time in accordance with the Senior General Bond Resolution.

“Special Facility Obligations” shall have the meaning provided in the Section 1.02 of the Senior General Bond Resolution, as such term may be amended or supplemented from time to time in accordance with the Senior General Bond Resolution.

“Subordinate Balloon Bonds” means, with respect to any Series of Subordinate Bonds which (i) mature on the same date or within a 12-month period (with Mandatory Sinking Fund Requirements on Subordinate Term Bonds deemed to be maturing) and which on the date of original issuance constitute at least 50% of the principal amount of the Subordinate Bonds of such Series and (ii) are expressly designated as “Subordinate Balloon Bonds” in the Subordinate Series Resolution providing for the issuance of such Series of Subordinate Bonds. For purposes of this definition, the principal amount maturing on any date shall be reduced by the amount of such indebtedness which is required, by the applicable Subordinate Series Resolution, to be amortized by prepayment or redemption prior to its stated maturity date.

“Subordinate Bond” or “Subordinate Bonds” means any bonds or any other evidences of indebtedness for borrowed money issued from time to time pursuant to ARTICLE II hereof and the terms of the Subordinate Series Resolution, including, but not limited to, bonds, notes, bond

anticipation notes, bank notes, commercial paper notes, lines of credit, revolving loans, term loans, certificates of participation, lease installment purchase agreements or Interest Rate Swaps.

“Subordinate Bond Fund” means the special and separate Fund designated as the Kenton County Airport Board Subordinate Bond Fund created pursuant to Section 6.01 of the Senior General Bond Resolution.

“Subordinate Bond Reserve Fund” means the special and separate account designated as the Kenton County Airport Board Subordinate Bond Reserve Fund created pursuant to Section 6.01 of the Senior General Bond Resolution, as further described herein by Section 6.06 of this Subordinate General Bond Resolution.

“Subordinate Capital Appreciation Bonds” means any Series of Subordinate Bonds to which all or a portion of interest is compounded and accumulated at the rates and on the dates set forth in a Subordinate Series Resolution and is payable only upon redemption or on the maturity date of such Subordinate Bonds.

“Subordinate Commercial Paper Program” means a program of Subordinate Term Bonds that may be issued and reissued from time to time and that have the characteristics of commercial paper in that such debt obligations have a stated maturity not later than 270 days from their date of issue. Any such Subordinate Term Bonds may be issued as Subordinate Bonds pursuant to a Subordinate Series Resolution or any other Junior Lien Obligation issued pursuant to a Junior Lien Obligation Issuing Instrument.

“Subordinate Construction Fund” means the special and separate account designated as the Kenton County Airport Board Subordinate Construction Fund created pursuant to Section 6.01 hereof.

“Subordinate General Bond Resolution” means this 2020 Airport Revenue Subordinate General Bond Resolution adopted by the Board on March 16, 2020, as amended and restated from time to time.

“Subordinate Interest Account” means the special and separate account designated as the Kenton County Airport Board Subordinate Interest Account in the Subordinate Bond Fund created pursuant to Section 6.01 hereof.

“Subordinate Net Revenues” means the (i) Revenues remaining after the provisions have been made for the deposits required in clauses (i) to (iv) of Section 6.04(a) of the Senior General Bond Resolution as such clauses and Section 6.04(a) exist on the date of execution of this Subordinate General Bond Resolution, provided that the deposits to be made under such sections shall include amounts to be deposited with respect to any additional Senior Bonds issued in accordance with the terms of the Senior General Bond Resolution; and (ii) transfers of Subordinate Other Available Revenues, if any, as specified in the Subordinate Series Resolution (or any other action adopted by the Board)

“Subordinate Optional Tender Bonds” means a Series of Subordinate Bonds, a feature of which is an option on the part of the Holders of such Subordinate Bonds to tender such Subordinate Bonds to the Board for payment or purchase prior to stated maturity.

“Subordinate Other Available Revenues” means, for any period of time, all of (i) Designated PFC Revenues, Designated CFC Revenues, and Designated Grant Revenues that the Board receives as provided in Section 6.10 hereof, in any Subordinate Series Resolution, or by any other action adopted by the Board and (ii) the amount of any other future income or revenue source that the Board deems as Subordinate Other Available Revenues as specified in the Subordinate Series Resolution (or any other action adopted by the Board); provided, however that any Subordinate Series Resolution (or any other action adopted by the Board) shall also establish or identify the corresponding Funds, Accounts, and subaccounts along with functional provisions for the receipt, deposit and application of such source of income or revenue substantially similar to what is currently provided in Section 6.10 hereof.

“Subordinate Principal Account” means the special and separate account designated as the Kenton County Airport Board Subordinate Principal Account in the Subordinate Bond Fund created pursuant to Section 6.01 hereof.

“Subordinate Redemption Account” means the special and separate account designated as the Kenton County Airport Board Subordinate Redemption Account in the Subordinate Bond Fund created pursuant to Section 6.01 hereof.

“Subordinate Serial Bonds” means Subordinate Bonds of any Series that are designated as such in the Subordinate Series Resolution for such Series.

“Subordinate Series Resolution” means any resolution of the Board amending or supplementing this Subordinate General Bond Resolution, including without limitations any such resolution authorizing the issuance of Subordinate Bonds hereunder, and any resolution amendatory thereof or supplement thereto.

“Taxable Subordinate Bonds” means Subordinate Bonds the interest on which is not intended at the time of the issuance thereof to be excluded from the gross income of the Holders thereof for federal tax purposes.

“Tax-Advantaged Subordinate Bonds” means Subordinate Bonds for which the Board receives a direct subsidy payment from the federal government or for which the Holder receives a tax credit from the federal government.

“Tax-Exempt Subordinate Bonds” means Subordinate Bonds the interest on which is excludable from the gross income of the Holders thereof for federal income tax purposes.

“Subordinate Term Bonds” means a Series of Subordinate Bonds with a fixed maturity date or dates which do not constitute consecutive periodic installments and which are designated as such in the Subordinate Series Resolution authorizing their issuance.

“Termination Payment” means, with respect to an Interest Rate Swap, the amount payable by the Board or the Counterparty as a result of the termination of such Interest Rate Swap prior to its scheduled expiration date.

“Subordinate Variable Rate Bonds” means any Series of Subordinate Bonds issued with a variable, adjustable, convertible, or other similar rate which is not fixed in percentage for the entire term thereof at the date of issuance.

Section 1.03 Authority for this Subordinate General Bond Resolution. This Subordinate General Bond Resolution is adopted by the Board under the provisions of the Act, other applicable provisions of law, and the Senior General Bond Resolution.

Section 1.04 Determinations, Findings and Covenants of the Board.

(a) This Board hereby finds and determines that it will be necessary to issue subordinate revenue bonds from time to time (i) to defray the cost of acquiring, constructing, maintaining, expanding, financing, or improving Airport Facilities or Air Navigation Facilities (each as defined in the Act), (ii) to refund subordinate revenue bonds issued by the Board, (iii) for any other purpose permitted by the Act, or (iv) for a combination of such purposes.

(b) The Board has the power and authority under the Act to authorize the issuance of and to issue and sell the Subordinate Bonds and to use the proceeds thereof to pay for the purposes permitted by the Act.

(c) This Board finds and determines that Revenues from the operation, use and services of the Airport will be determined and fixed in amounts sufficient to pay the costs of operating and maintaining the Airport and to provide an amount of Subordinate Net Revenues adequate to pay the Principal and Interest Requirements on the Subordinate Bonds and amounts payable under each Credit Agreement and each Credit Facility pursuant to the terms thereof and comply with the covenants contained in this Subordinate General Bond Resolution.

(d) This Board covenants that the Board will observe and perform all of its agreements and obligations provided for by the Subordinate Bonds and this Subordinate General Bond Resolution.

Section 1.05 Rules of Construction. Words of the masculine gender shall be deemed and construed to include correlative words of the feminine and neuter genders. Unless the context shall otherwise indicate, words used herein shall include the plural as well as the singular number. The word “person” includes corporations, firms, associations, partnerships, joint ventures, joint stock companies, trusts, unincorporated organizations, and public bodies, as well as natural persons. When used in connection with the amounts on deposit in or to be deposited in any Fund or Account created hereunder, the word “money” includes Investment Obligations or Defeasance Obligations, as the case may be.

References to a section number, without further reference or identification, shall refer to the corresponding section of this Subordinate General Bond Resolution. For example, a reference to “Section 1.01,” means Section 1.01 of this Subordinate General Bond Resolution.

Section 1.06 Headings. Any heading preceding the text of the several articles and sections hereof, and any table of contents or marginal notes appended to copies hereof, shall be solely for convenience or reference and shall not constitute a part of this Subordinate General Bond Resolution, nor shall they affect its meaning, construction or effect.

[END OF ARTICLE I]

## ARTICLE II

### AUTHORIZATION AND ISSUANCE OF SUBORDINATE BONDS

Section 2.01 Authorization of Subordinate Bonds. Subordinate Bonds designated as “Cincinnati/Northern Kentucky International Airport Revenue Subordinate Bonds” (or “Airport Revenue Subordinate Refunding Bonds,” “Airport Revenue Subordinate Notes,” or “Airport Revenue Subordinate Obligations,” as appropriate) are hereby authorized to be issued by the Board under this Subordinate General Bond Resolution. The Subordinate Bonds may be issued in one or more Series under one or more Subordinate Series Resolutions. The designation of the Subordinate Bonds shall include, in addition to the name “Airport Revenue Subordinate Bonds” (or “Airport Revenue Subordinate Refunding Bonds,” “Airport Revenue Subordinate Notes,” or “Airport Revenue Subordinate Obligations,” as appropriate), such further appropriate particular designation added to or incorporated in such title for the Subordinate Bonds of any particular Series as the Board may determine.

Section 2.02 General Provisions for the Issuance of Subordinate Bonds.

(a) No Subordinate Bonds may be secured under this Subordinate General Bond Resolution except in accordance with the provisions of this Article. All covenants, agreements and provisions of this Subordinate General Bond Resolution shall be for the equal benefit and security of all present and future Bondholders without preference, priority or distinction as to lien or otherwise, except as otherwise hereinafter provided, of any one Subordinate Bond over any other Subordinate Bond by reason of priority in the issue, sale or negotiation thereof, or otherwise.

(b) One or more Series of Subordinate Bonds may be secured under this Subordinate General Bond Resolution at one time or from time to time, subject to the conditions hereinafter provided in this Section, for the purpose of providing funds, together with other available funds, for any purposes permitted under the Act, including, but not limited to, (a) to pay Costs, (b) to refund, refinance, or retire bonds or other debt obligations of the Board previously issued, (c) to fund a deposit to the Subordinate Bond Reserve Fund, (d) to pay interest accruing on the Series of Subordinate Bonds, and (e) to pay expenses incurred in connection with the issuance of the Series of Subordinate Bonds.

(c) Before any Subordinate Bonds are issued, the Board shall adopt the Subordinate Series Resolution authorizing the issuance of such Subordinate Bonds, fixing the amount and the details thereof, and describing in brief and general terms the purposes for which the Subordinate Bonds are to be issued. The Subordinate Bonds will be issued in fully registered form in denominations set forth in the Subordinate Series Resolution. The Subordinate Bonds of each Series shall be dated and numbered, shall be stated to mature (subject to the right of prior redemption as hereinafter set forth) on the Principal Payment Date in such year or years, shall bear interest, and shall have such Mandatory Sinking Fund Requirements and redemption provisions, all as are then permitted by law and as are provided in the Subordinate Series Resolution authorizing the issuance of such Subordinate Bonds. Such Subordinate Bonds shall



be executed in substantially the form set forth in Section 3.02 hereof, with such changes as may be necessary or appropriate to conform to the provisions of the Subordinate Series Resolution.

(d) The Board shall deliver the Subordinate Bonds to the Paying Agent for authentication and delivery by the Paying Agent to the Bondholder, but before the Board delivers such Subordinate Bonds, there must be filed with the Board any applicable documents required under Sections 2.03, 2.04 or 2.05 hereof, as applicable, and the following:

(i) a copy, certified by the Secretary-Treasurer to be a true and correct copy, of this Subordinate General Bond Resolution;

(ii) a copy, certified by the Secretary-Treasurer to be a true and correct copy, of the Subordinate Series Resolution, which Subordinate Series Resolution shall direct the authentication and delivery of said Subordinate Bonds to or upon the order of the purchasers of the Subordinate Bonds upon payment of the purchase price thereof;

(iii) an opinion of the General Counsel to the effect that (i) the Board has obtained from such governmental authorities, boards, agencies or commissions having jurisdiction over the Airport all approvals, consents, authorizations, certifications, and other orders that are necessary for the delivery of the Subordinate Bonds, (ii) the Senior General Bond Resolution, this Subordinate General Bond Resolution, the Subordinate Series Resolution, and all other resolutions relating to the issuance of the Subordinate Bonds have been duly adopted at meetings of the Board duly called and held in accordance with law and at which quorums were present and acting throughout, (iii) the issuance of the Subordinate Bonds has been duly authorized, and (iv) all legal conditions precedent to the delivery of the Subordinate Bonds have been fulfilled;

(iv) for Tax-Exempt Subordinate Bonds, an opinion of Bond Counsel that the issuance of the Subordinate Bonds has been duly authorized, that all legal conditions precedent to the delivery of the Subordinate Bonds have been fulfilled, and, if applicable to a Series of Subordinate Bonds and to the extent permitted by then-applicable law, that interest on the Subordinate Bonds is excludable from gross income for federal income tax purposes; and

(v) for Tax-Advantaged Subordinate Bonds, an opinion of Bond Counsel that the issuance of the Subordinate Bonds has been duly authorized, that all legal conditions precedent to the delivery of the Subordinate Bonds have been fulfilled, and, if applicable to a Series of Subordinate Bonds and to the extent permitted by then-applicable law, that the Board is entitled to receive any federal subsidy applicable to the Subordinate Bonds.

When the documents described in paragraphs (i) through (v) of this Subsection and any applicable documents required under Sections 2.03, 2.04 or 2.05 hereof have been filed with the Board and when the Subordinate Bonds have been executed and authenticated as required by this Subordinate General Bond Resolution, the Board shall deliver said Subordinate Bonds to or upon the order of the purchasers, but only upon payment to the Board of the purchase price of said Subordinate Bonds.

(e) The proceeds of the Subordinate Bonds, together with other funds made available by the Board, shall be applied as provided in the Subordinate Series Resolution for the Subordinate Bonds.

Section 2.03 Test for Issuance of Additional Subordinate Bonds. Except as set forth in Sections 2.04 and 2.05, before Subordinate Bonds are delivered, there must be filed with the Board the following:

(a) a certificate prepared by an Authorized Representative showing the Subordinate Net Revenues for any 12 consecutive months out of the most recent 18 consecutive months immediately preceding the date of issuance of the proposed Series of Subordinate Bonds were at least equal to 110% of maximum aggregate annual Principal and Interest Requirements with respect to all Outstanding Subordinate Bonds and the proposed Series of Subordinate Bonds, calculated as if the proposed Series of Subordinate Bonds were then Outstanding; or

(b) a certificate prepared by an Airport Consultant showing that:

(i) the Subordinate Net Revenues for the last audited Fiscal Year or for any 12 consecutive months out of the most recent 18 consecutive months immediately preceding the date of issuance of the proposed Series of Subordinate Bonds, were at least equal to [110]% of the sum of the aggregate annual Principal and Interest Requirements due and payable with respect to all Outstanding Subordinate Bonds for such applicable period; and

(ii) for the period from and including the first full Fiscal Year following the issuance of such proposed Series of Subordinate Bonds through and including the later of: (1) the fifth full Fiscal Year following the issuance of such Series of Subordinate Bonds, or (2) the third full Fiscal Year during which no interest on such Series of Subordinate Bonds is expected to be paid from the proceeds thereof, the estimated Subordinate Net Revenues for each such Fiscal Year, will be at least equal to 110% of the Principal and Interest Requirements for each such Fiscal Year with respect to all Outstanding Subordinate Bonds and calculated as if the proposed Series of Subordinate Bonds were then outstanding; and

(c) a certificate of an Authorized Representative to the effect that no Event of Default has occurred and is continuing under this Subordinate General Bond Resolution or the Senior General Bond Resolution, if an Event of Default then exists, that such Event of Default shall be cured upon issuance of such Additional Subordinate Bonds and the application of the proceeds thereof as described or provided for in the Subordinate Series Resolution therefor.

For purposes of clause (b) above, in estimating Subordinate Net Revenues, the Airport Consultant shall take into account (i) Revenues from new Airport facilities or other new capital improvements reasonably expected to become available during the period for which the estimates are provided, (ii) any increase in fees, rates, charges, rentals or other sources of Revenues which has been approved by the Board and will be in effect during the period for which the estimates are provided or (iii) any other increases in Subordinate Net Revenues, including any Subordinate Other Available Revenues specified in the Subordinate Series Resolution (or any other action adopted by the Board), which the Airport Consultant believes to be a reasonable assumption for such period.

With respect to O&M Expenses, the Airport Consultant shall use such assumptions as the Airport Consultant believes to be reasonable, taking into account: (i) historical O&M Expenses of the Board, (ii) additions to or reductions in O&M Expenses associated with the capital improvements to be funded with the proceeds of the Additional Subordinate Bonds proposed to be issued and any other new capital improvements and Airport facilities and (iii) such other factors, including inflation and changing operations or policies of the Board, as the Airport Consultant believes to be appropriate. The Airport Consultant shall include in such certificate or in a separate accompanying report a description of the assumptions used and the calculations made in determining the estimated Subordinate Net Revenues and shall also set forth the calculations of Principal and Interest Requirements, which calculations may be based upon information provided by the Board.

Section 2.04 Additional Subordinate Bonds for Completion Purposes. The certificates in clauses (a), (b), and (c) of Section 2.03 shall not be required if the Additional Subordinate Bonds are issued for the purpose of completing Improvements previously undertaken by the Board, for which Subordinate Bonds were previously issued; and instead there shall be filed with the Board a certificate of the Authorized Representative stating that (i) the principal amount of the Subordinate Bonds to be issued for completion purposes does not exceed 15% of the principal amount of the Subordinate Bonds, or the portion thereof allocable to those Improvements, previously issued for said Improvements, (ii) all of the proceeds of the Subordinate Bonds previously issued for the Improvements, including any investment earnings in the Subordinate Construction Fund funded from the proceeds of said Subordinate Bonds previously issued, have been or will be used to pay Costs of the Improvements, and (iii) the estimated Costs of the Improvements exceed the amounts already paid for the Improvements plus money available in the Subordinate Construction Fund.

Section 2.05 Additional Subordinate Bonds for Refunding Purposes. The certificates in clauses (a), (b), and (c) of Section 2.03 shall not be required if the Additional Subordinate Bonds are issued for the purpose of refunding previously issued Subordinate Bonds; and instead there shall be filed with the Board a certificate of the Authorized Representative stating that (i) the aggregate Principal and Interest Requirements with respect to all Subordinate Bonds Outstanding after the issuance of such refunding Subordinate Bonds shall be less than the aggregate Principal and Interest Requirements with respect to all Subordinate Bonds Outstanding prior to the issuance of such refunding Subordinate Bonds or (ii) the proposed issuance of the refunding Subordinate Bonds will reduce total debt service payments on all Outstanding Subordinate Bonds on a net present value basis.

[END OF ARTICLE II]

## ARTICLE III

### TERMS AND PROVISIONS OF SUBORDINATE BONDS

#### Section 3.01 Terms of Subordinate Bonds.

(a) Both the principal and interest of the Subordinate Bonds shall be payable in lawful money of the United States of America at the principal office of any Paying Agent, or otherwise as provided in the Subordinate Series Resolution with respect to any Series of Subordinate Bonds. Unless otherwise provided in the Subordinate Series Resolution with respect to a Series of Subordinate Bonds, the payment of interest on each Subordinate Bond shall be made on each Interest Payment Date to the person appearing on the registration books of the Paying Agent as the registered owner thereof by check or draft mailed to the registered owner at his or her address as it appears on such registration books. Unless otherwise provided in the Subordinate Series Resolution with respect to a Series of Subordinate Bonds, payment of the interest on any Subordinate Bond shall be made to the person who is the registered owner thereof as of the close of business on the applicable Record Date.

(b) Unless otherwise provided in the Subordinate Series Resolution authorizing a Series of Subordinate Bonds, the Subordinate Bonds of any Series shall be issued in fully registered form without coupons. Each Series of Subordinate Bonds shall be in such denominations as may be authorized by the Subordinate Series Resolution authorizing the issuance of the Subordinate Bonds of such Series. The Subordinate Series Resolution may provide for the delivery of a Series of Subordinate Bonds, issued in the form of a single fully registered Subordinate Bond, in installments in a delivery schedule attached to such Subordinate Bond. Anything in this Subordinate General Bond Resolution to the contrary notwithstanding, the Subordinate Series Resolution may provide that Subordinate Bonds issued in such single fully registered form may be submitted for notation of payment of the principal installments and for notation of transfer, without requiring cancellation of such single fully registered Subordinate Bond. Such Subordinate Series Resolution may provide for the transfer of such Subordinate Bonds to a new Holder by delivery after such notation, and without cancellation.

(c) The Subordinate Bonds shall be dated as of the date specified in the Subordinate Series Resolution under which the Series of Subordinate Bonds is issued. Each Subordinate Bond shall bear interest from the Interest Payment Date immediately preceding the date on which it is authenticated unless it is (a) authenticated upon any Interest Payment Date in which event it shall bear interest from such Interest Payment Date or (b) authenticated prior to the first Interest Payment Date in which event it shall bear interest from its date; provided, however, that if at the time of authentication there shall be existing an Event of Default hereunder, such Subordinate Bond shall bear interest from the date to which interest has been paid.

(d) The Subordinate Bonds of each Series may contain or have endorsed thereon such provisions, specifications and descriptive words not inconsistent with the provisions of this Subordinate General Bond Resolution as may be necessary or desirable to comply with the Act, custom, the rules of any securities exchange or commission or brokerage board, or otherwise, as

may be determined by the Board prior to the authentication and delivery of such Subordinate Bonds.

(e) From and after the issuance of the Subordinate Bonds of any Series, the findings and determinations of the Board with respect to that Series shall be conclusive evidence of the existence of the facts so found and determined in any action or proceeding in any court in which the validity of such Subordinate Bonds is at issue, and no *bona fide* purchaser of any such Subordinate Bonds shall be required to see to the existence of any fact or to the performance of any condition or to the taking of any proceeding required prior to such issuance, or to the application of the purchase price paid for such Subordinate Bonds. The validity of the issuance of any Series of Subordinate Bonds shall not be dependent on or affected in any way by (1) any proceedings taken by the Board for the planning, acquisition, construction, maintenance, expansion or improvement of a project, or (2) any contracts made by the Board in connection therewith, or (3) the failure to complete the planning, acquisition, construction, maintenance, expansion or improvement of a project. The recital contained in the Subordinate Bonds that the same are issued under the Act shall be conclusive evidence of their validity and of the regularity of their issuance and all the Subordinate Bonds shall be incontestable from and after their issuance. Subordinate Bonds shall be deemed to be issued, within the meaning of this Subordinate General Bond Resolution, whenever the definitive Subordinate Bonds, or any temporary Subordinate Bonds exchangeable therefor, have been delivered to the purchasers or holders thereof, and the purchase price thereof received (or, with respect to a Credit Agreement or Credit Facility, such Credit Agreement or Credit Facility has become effective pursuant to its terms), or in the case of Subordinate Bonds to be refunded through exchange, whenever such exchange has been made.

Section 3.02 Execution and Form of Subordinate Bonds. The Subordinate Bonds shall be signed by, or bear the facsimile signatures of at least two Authorized Representatives (one of which may be an attestation), and a facsimile of the official seal of the Board shall be imprinted on the Subordinate Bonds; provided that each Subordinate Bond shall be manually signed by at least one Authorized Representative if then required by law. In case any Authorized Representative whose signature or a facsimile of whose signature appears on any Subordinate Bonds ceases to be an Authorized Representative before the delivery of such Subordinate Bonds, such signature or such facsimile nevertheless shall be valid and sufficient for all purposes the same as if he or she had remained in such capacity until such delivery, and any Subordinate Bond may bear the facsimile signature of, or may be signed by, such persons as at the actual time of the execution of such Subordinate Bond are the proper officers to execute such Subordinate Bond although at the date of such Subordinate Bond such persons may not have been such officers. The Subordinate Bonds shall be substantially in the form or forms provided for, authorized or set forth in the Subordinate Series Resolution, all consistent with the terms of this Subordinate General Bond Resolution.

Section 3.03 Authentication of Subordinate Bonds. Only such Subordinate Bonds as have endorsed thereon a certificate of authentication substantially in the form set forth in the Subordinate Series Resolution, duly executed by the Paying Agent, shall be entitled to any benefit or security under this Subordinate General Bond Resolution. No Subordinate Bonds shall be valid or obligatory for any purpose unless and until such certificate of authentication on the Subordinate Bond has been duly executed by the Paying Agent and such certificate of the Paying

Agent upon any such Subordinate Bond shall be conclusive evidence that such Subordinate Bond has been duly authenticated and delivered under this Subordinate General Bond Resolution. The Paying Agent's certificate of authentication on any Subordinate Bond shall be deemed to have been duly executed if signed by an authorized officer of the Paying Agent, but it shall not be necessary that the same officer sign the certificate of authentication on all of the Subordinate Bonds that may be issued hereunder at any one time.

Section 3.04 Transfer of Subordinate Bonds. Unless otherwise provided in the Subordinate Series Resolution authorizing a Series of Subordinate Bonds:

(a) Any Subordinate Bond may, in accordance with its terms, be transferred, upon the books required to be kept under the provisions of Section 3.07 hereof, by the person in whose name it is registered, in person or by his duly authorized attorney, upon surrender of such Subordinate Bond for cancellation or, if applicable, notation of the new Holder on such Subordinate Bond or on a form of record attached to such Subordinate Bond for such purpose, accompanied by the delivery of a written instrument of transfer in a form satisfactory to the Board, duly executed.

(b) Whenever any Subordinate Bond shall be surrendered for transfer, the Paying Agent shall authenticate and deliver a new fully registered Subordinate Bond or Subordinate Bonds duly executed by the Authorized Representatives or, if applicable, shall deliver the same Subordinate Bond, duly annotated with the new Holder and signed by the Paying Agent on such Subordinate Bond or on a form of record attached to such Subordinate Bond for such purpose, for a like aggregate principal amount. The Paying Agent shall require the payment by the Bondholder requesting such transfer of any tax or other governmental charge required to be paid with respect to such transfer.

(c) The Board and the Paying Agent shall not be required (i) to issue, register the transfer of, or exchange any Subordinate Bond during a period beginning at the opening of fifteen (15) Business Days before the date of the mailing of a notice of redemption of Subordinate Bonds selected for redemption under ARTICLE IV hereof and ending at the close of business on the day of such mailing, or (ii) to register the transfer of or exchange any Subordinate Bond so selected for redemption in whole or in part, except the unredeemed portion of Subordinate Bonds being redeemed in part.

Section 3.05 Exchange of Subordinate Bonds. Subordinate Bonds may be exchanged at the option of the registered owner thereof and upon surrender thereof at the principal office of the Paying Agent, together with an assignment duly executed by the registered owner or his attorney or legal representative in such form as shall be satisfactory to the Paying Agent, for other Subordinate Bonds of the same Series and maturity, of any denomination or denominations authorized by this Subordinate General Bond Resolution, bearing interest at the same rate, and in the same form as the Subordinate Bonds surrendered for exchange.

Section 3.06 Cancellation of Subordinate Bonds. Upon receipt of the applicable Subordinate Bonds, the Paying Agent shall cancel (a) all Subordinate Bonds paid, redeemed, or purchased by the Paying Agent or purchased by the Board and delivered to the Paying Agent, and (b) all Subordinate Bonds delivered to the Paying Agent in exchange for other Subordinate

Bonds or delivered to the Paying Agent upon the transfer of any Subordinate Bond if a new registered Subordinate Bond is delivered upon such transfer. The Paying Agent will certify to the Board the details of all Subordinate Bonds so cancelled. All Subordinate Bonds cancelled under any of the provisions of this Subordinate General Bond Resolution either shall be delivered to the Board or destroyed by the Paying Agent, as the Board directs. Upon destruction of any Subordinate Bonds, the Paying Agent shall execute a certificate in duplicate, describing the Subordinate Bonds so destroyed; one executed certificate shall be filed with the Board and the other shall be retained by the Paying Agent.

Section 3.07 Subordinate Bond Registration Books. The Paying Agent will keep or cause to be kept, at its designated corporate trust office, sufficient books for the registration and transfer of Subordinate Bonds, which shall at all times be open to inspection by the Board; and, upon presentation for such purpose, the Paying Agent shall, under such reasonable regulations as it may prescribe, register or transfer or cause to be registered or transferred, on said books, Subordinate Bonds as hereinbefore provided.

Section 3.08 Temporary Subordinate Bonds. Until the definitive Subordinate Bonds of any Series are ready for delivery, there may be executed, and upon direction of an Authorized Representative, the Board shall deliver, in lieu of definitive Subordinate Bonds and subject to the same limitations and conditions, except as to identifying numbers, printed, engraved, lithographed or typewritten temporary Subordinate Bonds substantially of the tenor hereinabove set forth, with or without the privilege of registration as to principal, as the Board may provide, and with such appropriate omissions, insertions and variations as may be required. The Board shall cause the definitive Subordinate Bonds to be prepared and to be executed and delivered to the Paying Agent, and the Paying Agent, upon presentation to it of any temporary Subordinate Bond, shall cancel the same or cause the same to be cancelled and shall deliver, in exchange therefor, at the place designated by the Holder, without expense to the Holder, a definitive Subordinate Bond or Subordinate Bonds of the same Series and in the same aggregate principal amount, maturing on the same date and bearing interest at the same rate as the temporary Subordinate Bond surrendered. Until so exchanged, the temporary Subordinate Bonds shall be entitled to the same benefit of this Subordinate General Bond Resolution as the definitive Subordinate Bonds to be issued and authenticated hereunder, including the privilege of registration if so provided. Until definitive Subordinate Bonds are ready for exchange, interest on temporary Subordinate Bonds shall be paid when due and payable upon presentation of such temporary Subordinate Bonds, and notation of such payment shall be endorsed thereon.

Section 3.09 Subordinate Bonds Mutilated, Lost, Destroyed or Stolen.

(a) The Board shall cause to be executed, and the Paying Agent shall deliver a new Subordinate Bond of like date, number and tenor in exchange and substitution for and upon the cancellation of any mutilated Subordinate Bond, or in lieu of and in substitution for any destroyed, lost, or stolen Subordinate Bond, and the Holder shall pay the reasonable expenses and charges of the Board in connection therewith. Prior to the delivery of a substitute Subordinate Bond, the Holder of any Subordinate Bond which was destroyed, lost, or stolen, shall file with the Paying Agent evidence satisfactory to it of the destruction, loss, or theft of such Subordinate Bond, and of the Holder's ownership thereof and shall furnish to the Board and

the Paying Agent such security or indemnity as may be required by them to save each of them harmless from all risks, however remote.

(b) Every Subordinate Bond issued in accordance with the provisions of this Section in exchange or substitution for any Subordinate Bond which is mutilated, destroyed, lost or stolen shall constitute an additional contractual obligation of the Board, whether or not the destroyed, lost or stolen Subordinate Bond is found at any time or is enforceable by anyone, and shall be entitled to all the benefits and security hereof equally and proportionately with any and all other Subordinate Bonds duly secured under this Subordinate General Bond Resolution. All Subordinate Bonds shall be held and owned upon the express condition that the foregoing provisions are exclusive with respect to the replacement or payment of mutilated, destroyed, lost or stolen Subordinate Bonds and shall preclude any and all other rights or remedies, notwithstanding any law or statute existing or hereafter enacted to the contrary with respect to the replacement or payment of negotiable instruments or other securities without their surrender.

Section 3.10 Book Entry System. The Board may enter into an agreement with a Securities Depository to establish procedures with respect to Subordinate Bonds owned by such Securities Depository.

[END OF ARTICLE III]



## **ARTICLE IV**

### **PURCHASE OR REDEMPTION OF SUBORDINATE BONDS**

#### **Section 4.01 Purchase Generally.**

(a) The Board may, at its sole discretion, endeavor to purchase and cancel Subordinate Bonds or portions thereof, regardless of whether such Subordinate Bonds or portions thereof are then subject to redemption, at the most advantageous price obtainable with reasonable diligence, provided that the purchase price of each Subordinate Bond shall not exceed the Redemption Price that would be payable on the next redemption date to the Holder of such Subordinate Bond under the provisions of this ARTICLE IV, but the Board shall not, nor shall the Board direct the Paying Agent to, make any such purchase within the period of days immediately preceding any Interest Payment Date specified in the applicable Subordinate Series Resolution under which such Subordinate Bonds or portions thereof are to be redeemed.

(b) If, in any Fiscal Year, the Board should purchase and cancel Subordinate Term Bonds in excess of the aggregate Mandatory Sinking Fund Requirements for such Fiscal Year, there shall be filed with the Board not later than the 20th day prior to the next Principal Payment Date on which Subordinate Term Bonds are to be redeemed a statement identifying the Subordinate Term Bonds purchased or delivered during such Fiscal Year and the amount of such excess. Thereafter, the Authorized Representative shall file with the Paying Agent not later than the 10th day prior to such Principal Payment Date, setting forth with respect to the amount of such excess the years in which the Mandatory Sinking Fund Requirements with respect to Subordinate Term Bonds are to be reduced and the amount by which the Mandatory Sinking Fund Requirements so determined are to be reduced.

#### **Section 4.02 Redemption Generally.**

(a) When so directed by the Board, at its sole discretion, the Paying Agent shall call for redemption on the date set forth in the notice provided by the Board to the Paying Agent such amount of Subordinate Bonds or portions thereof as set forth in said notice provided by the Board. Such redemption shall be made under the provisions of this ARTICLE IV. The Board shall transfer to the Paying Agent from any applicable Funds or Accounts established hereunder, or other legally available funds of the Board amounts as set forth in ARTICLE VI hereof, and the Paying Agent, or, if applicable, an Escrow Agent, shall pay the Redemption Price of such Subordinate Bonds or portions thereof.

(b) Except as hereinafter provided, the Subordinate Bonds of each Series secured under this Subordinate General Bond Resolution shall be subject to redemption, as a whole or in part, at such times and prices, in such amounts, and in such order as may be provided by the respective Subordinate Series Resolution for that Series of Subordinate Bonds. The Board may provide for the redemption of Subordinate Bonds from any funds available and not obligated for other purposes.

Section 4.03 Filing Upon Purchase or Redemption. Not later than ten (10) Business Days after the retirement of any Subordinate Term Bonds by purchase or redemption under the provisions of this ARTICLE IV, there shall be filed with the Board a statement identifying such Subordinate Bonds and setting forth the date of purchase or redemption, the amount paid to purchase or redeem such Subordinate Term Bonds and the amount paid as interest thereon. The expenses incurred in connection with the purchase or redemption of any such Subordinate Term Bonds are required to be paid by the Board from such Funds or Accounts it determines as permitted under this Subordinate General Bond Resolution and if no such determination is made, from the General Purposes Fund (subject to any payments required to be made from the General Purposes Fund in favor of the Senior Bonds, which have priority).

Section 4.04 Extraordinary Redemption of all Subordinate Bonds. The Subordinate Bonds shall be redeemed as a whole or in part on any date upon payment of 100% of the principal amount of the Subordinate Bonds to be redeemed, plus interest accrued to the redemption date, if the Board exercises its option to redeem the Subordinate Bonds under Section 8.07 hereof.

Section 4.05 Mandatory Sinking Fund Redemption. Subordinate Bonds of a Series shall be subject to mandatory sinking fund redemption and shall be redeemed in the amount and on the dates and in the years set forth the applicable Subordinate Series Resolution.

Section 4.06 Selection of Subordinate Bonds or Portions thereof to be Redeemed. The Board shall select the Subordinate Bonds or portions thereof to be redeemed in accordance with the terms and provisions of the Subordinate Series Resolution relating to such Subordinate Bonds.

Section 4.07 Redemption Notice.

(a) If less than all Subordinate Bonds of a Series are to be redeemed, and subject to the provisions of subsection (b) hereof, the Subordinate Bonds to be redeemed shall be identified by reference to the Series designation, date of issue, serial numbers and maturity date. Each notice of redemption shall specify: (i) the date fixed for redemption, (ii) the principal amount of Subordinate Bonds or portions thereof to be redeemed, (iii) the applicable Redemption Price, (iv) the place or places of payment, (v) that payment of the principal amount and premium, if any, will be made upon presentation and surrender to the Paying Agent of the Subordinate Bonds to be redeemed, unless provided otherwise in the applicable Subordinate Series Resolution, (vi) that interest accrued to the date fixed for redemption will be paid as specified in such notice, (vii) that on and after said date interest on Subordinate Bonds which have been redeemed will cease to accrue, and (viii) the designation, including Series, and the CUSIP and serial numbers, if any, of the Subordinate Bonds to be redeemed and, if less than the face amount of any such Subordinate Bond is to be redeemed, the principal amount to be redeemed. Notice of redemption of any Subordinate Bonds shall be mailed or otherwise delivered to the Persons, at the times, and in the manner set forth in subsection (b) of this Section.

(b) Except as may be provided otherwise in the applicable Subordinate Series Resolution, any notice of redemption shall be sent by the Paying Agent not less than 30 nor more than 60 days prior to the date set for redemption by registered or certified mail (i) to the Holder

of each such Subordinate Bond to be redeemed in whole or in part at his address as it appears on the register of Subordinate Bonds maintained by the Paying Agent, and (ii) the Board shall post such notice of redemption to EMMA, and if EMMA or a successor does not exist, then to such national information service as the Board shall determine upon the advice of Bond Counsel. In preparing such notice, the Paying Agent shall take into account, to the extent applicable, the prevailing tax-exempt securities industry standards and any regulatory statement of any federal or state administrative body having jurisdiction over the Board, or the tax-exempt securities industry, including without limitation Release No. 34-23856 of the Securities and Exchange Commission, or any subsequent amending or superseding release. Failure to give any notice specified in (a), or any defect therein, shall not affect the validity of any proceedings for the redemption of any Subordinate Bonds with respect to which no such failure has occurred and failure to give any notice specified in (ii), (iii) or (iv) in subparagraph (a) above, or any defect therein, shall not affect the validity of any proceedings for the redemption of any Subordinate Bonds with respect to which the notice specified in (a) is given correctly.

(c) If at the time of notice of any optional redemption of the Subordinate Bonds there have not been deposited with the Paying Agent moneys available for payment under this Subordinate General Bond Resolution and sufficient to redeem all of the Subordinate Bonds called for redemption, the notice may state that it is conditional in that it is subject to the deposit of sufficient moneys by not later than the redemption date, and if the deposit is not timely made the notice shall be of no effect.

#### Section 4.08 Effect of Calling for Redemption.

(a) Except for a redemption of Subordinate Bonds in accordance with the Mandatory Sinking Fund Requirement therefor, on or before the date upon which Subordinate Bonds are to be redeemed in accordance with this ARTICLE IV the Board shall deposit with the Paying Agent, or, if applicable, an Escrow Agent, money or Defeasance Obligations, or a combination of both, that will be sufficient to pay on the redemption date the Redemption Price of the Subordinate Bonds to be redeemed to such redemption date.

(b) Except for a redemption of Subordinate Bonds in accordance with the Mandatory Sinking Fund Requirement therefor, on the date fixed for redemption, notice having been mailed in the manner and under the conditions provided in the applicable Subordinate Series Resolution, the Subordinate Bonds or portions thereof called for redemption shall be due and payable at the Redemption Price provided therefor. If money or Defeasance Obligations, or a combination of both, sufficient to pay the Redemption Price of the Subordinate Bonds or portions thereof to be redeemed are held by the Paying Agent or an Escrow Agent in trust for the Holders of Subordinate Bonds to be redeemed, interest on the Subordinate Bonds or portions thereof called for redemption shall cease to accrue; such Subordinate Bonds or portions thereof shall cease to be entitled to any benefits or security under this Subordinate General Bond Resolution or to be deemed Outstanding; and the Holders of such Subordinate Bonds or portions thereof shall have no rights in respect thereof except to receive payment of the Redemption Price thereof. Subordinate Bonds and portions of Subordinate Bonds for which irrevocable instructions to pay on one or more specified dates or to call for redemption at the earliest redemption date have been given to the Paying Agent in form satisfactory to it shall not thereafter be deemed to be Outstanding under this Subordinate General Bond Resolution and shall cease to be entitled to the

security of or any rights under this Subordinate General Bond Resolution, and the Holders shall have no rights in respect of the same other than to receive payment of the Redemption Price thereof, to be given notice of redemption in the manner provided in Section 4.07 hereof and in the applicable Subordinate Series Resolution, and to the extent hereinafter provided and provided in the applicable Subordinate Series Resolution, to receive Subordinate Bonds for any unredeemed portions of Subordinate Bonds if money or Defeasance Obligations, or a combination of both, sufficient to pay the Redemption Price of such Subordinate Bonds or portions thereof are held in separate accounts by the Paying Agent or an Escrow Agent in trust for the Holders of such Subordinate Bonds.

Section 4.09 Redemption of Portion of Subordinate Bonds. If less than all of an Outstanding Subordinate Bond is selected for redemption, the registered owner thereof or his legal representative shall present and surrender such Subordinate Bond to the Paying Agent for payment of the principal amount thereof so called for redemption, and the Board shall execute and the Paying Agent shall authenticate and deliver to or upon the order of such registered owner or his legal representative, without charge, for the unredeemed portion of the principal amount of the Subordinate Bond so surrendered, a new registered Subordinate Bond, of the same Series and maturity, bearing interest at the same rate and of any denomination or denominations authorized by the Subordinate Series Resolution.

In connection with the partial early redemption of any Subordinate Term Bonds of a Series, the Board may, in any Subordinate Series Resolution, provide that the principal amount of Subordinate Bonds of such Series being redeemed shall be allocated against its scheduled sinking fund redemption and modify its scheduled sinking fund installments payable thereafter as to the Outstanding Subordinate Term Bonds of such Series in any manner the Board may determine. The Board may provide in any Subordinate Series Resolution that, prior to notice of redemption of a Series, moneys in the Subordinate Bond Fund and the Subordinate Bond Reserve Fund relating to such Series of Subordinate Bonds may be applied at the direction of the Board to the purchase of Subordinate Bonds of such Series and, if any such purchased Subordinate Bonds are Subordinate Term Bonds, the Board may allocate the principal amount of Subordinate Bonds of such Series being redeemed against its scheduled sinking fund redemption for such Subordinate Bonds and may modify its scheduled sinking fund installments thereafter payable with respect to Subordinate Bonds of such Series in any manner the Board may determine.

Section 4.10 Use of Defeasance Obligations to Redeem Subordinate Bonds. For purposes of all Sections in this ARTICLE IV, Defeasance Obligations shall be deemed to be sufficient to pay or redeem Subordinate Bonds on a specified date if the principal of and the interest on such Defeasance Obligations, when due, will be sufficient to pay on such date the Redemption Price of such Subordinate Bonds or portions to such date.

Section 4.11 Cancellation. Subordinate Bonds called for redemption shall be cancelled upon the surrender thereof.

Section 4.12 Mandatory Tenders for Purchase and Call Options. In addition, the Board may, by Subordinate Series Resolution, provide that (1) the Subordinate Bonds of any Series issued hereunder shall be subject to mandatory tender for purchase under the same terms and

conditions and with the same notice requirements as shall be fixed for the redemption of the Subordinate Bonds of such Series, except that any Subordinate Bonds so purchased will remain Outstanding under this Subordinate General Bond Resolution, and (2) the right to call Series of Subordinate Bonds for mandatory tender for purchase may be sold by the Board under terms and conditions set forth in the Subordinate Series Resolution relating to such Series of Subordinate Bonds.

[END OF ARTICLE IV]

## ARTICLE V

### SECURITY FOR SUBORDINATE BONDS

#### Section 5.01 Security for Subordinate Bonds.

(a) All moneys pledged for the payment of the Subordinate Bonds hereof and received by the Board under the provisions of this Subordinate General Bond Resolution shall be held and applied only in accordance with the provisions of this Subordinate General Bond Resolution and, except as otherwise permitted herein, shall not be subject to lien or attachment by any creditor of the Board.

(b) The Subordinate Bonds are special, limited obligations of the Board payable from and secured solely as set forth herein. As security for the payment of the Subordinate Bonds and the interest thereon, the Board hereby pledges for the payment of principal, Redemption Price, of and interest on the Subordinate Bonds in accordance with the respective terms and the provisions of this Subordinate General Bond Resolution, subject only to the provisions of this Subordinate General Bond Resolution permitting the application thereof for the purposes and on the terms and conditions set forth in this Subordinate General Bond Resolution: (a) Subordinate Net Revenues to the extent used to pay Principal and Interest Requirements for the Subordinate Bonds, (b) money and Investment Obligations in the Subordinate Bond Fund, (c) money and Investment Obligations in the Subordinate Bond Reserve Fund, if applicable, and (d) Subordinate Other Available Revenues to the extent provided for in any Subordinate Series Resolution or any other action adopted by the Board; *provided, however,* notwithstanding anything herein to the contrary, the Board hereby pledges Subordinate Net Revenues for the payment of principal and interest payable under each Credit Agreement and each Credit Facility pursuant to the terms thereof. It is the intent of the Board that this pledge shall be effective and operate immediately upon the issuance of Subordinate Bonds hereunder and that the Board shall have the right to collect and receive the Subordinate Net Revenues in accordance with the provisions hereof at all times during the period from and after the issuance date of the Subordinate Bonds secured hereunder until the Subordinate Bonds have been fully paid and discharged.

(c) The aforementioned pledge shall not inhibit the sale or disposition of the Airport in accordance with the Senior General Bond Resolution or this Subordinate General Bond Resolution and shall not impair or restrict the ability of the Board to invest in securities and other forms of investment, subject to the provisions of the Senior General Bond Resolution and this Subordinate General Bond Resolution.

(d) The Subordinate Bonds shall not constitute a debt of the Board for which the faith and credit of the Board, the Commonwealth or any of its political subdivisions is pledged. The issuance of the Subordinate Bonds shall not directly or indirectly or contingently obligate the Board, the Commonwealth or any of its political subdivisions to levy any tax or to pledge any form of taxation whatever therefor. Except for the Subordinate Net Revenues in the case of the Board, the Subordinate Bonds shall not constitute a charge, lien or encumbrance, legal or

equitable, upon any property of the Board, the Commonwealth or any of its political subdivisions.

(e) Nothing herein shall prohibit the Board from issuing Senior Bonds in accordance with the Senior General Bond Resolution.

[END OF ARTICLE V]

## ARTICLE VI

### REVENUES AND FUNDS

#### Section 6.01 Designation of Funds.

(a) The Subordinate Bond Fund and the Subordinate Bond Reserve Fund have been established pursuant to Section 6.01 of the Senior General Bond Resolution. The following Funds and Accounts are established hereby:

(i) the Subordinate Construction Fund; and

(ii) within the Subordinate Bond Fund: (1) the Subordinate Principal Account, (2) the Subordinate Interest Account, and (3) the Subordinate Redemption Account.

(b) All such Funds and Accounts shall be held by the Board unless otherwise provided for in a Subordinate Series Resolution.

(c) The Board shall keep or cause to be kept and maintained an exact and continuous accounting of all moneys deposited into and withdrawn from each of the Funds and Accounts, all investments of and earnings on, each of the Funds and Accounts and such other matters as may be required to enable the Board to properly comply with Commonwealth and federal laws.

(d) Additional Accounts or subaccounts may be established in any Fund or Account created herein pursuant to any Subordinate Series Resolution. In addition to the Funds and Accounts described in this Section 6.01, any Subordinate Series Resolution may authorize an Escrow Fund to be created thereunder to provide for the payment of principal, interest, Redemption Price, and Mandatory Sinking Fund Requirements on all or a portion of any Series of Subordinate Bonds. An Escrow Fund may be funded from proceeds of any Series of Subordinate Bonds or other legally available funds of the Board, or a combination thereof.

#### Section 6.02 Deposit of Subordinate Net Revenues.

(a) So long as there are any Subordinate Bonds Outstanding or there are amounts payable under any Credit Agreement or any Credit Facility pursuant to the terms thereof, all Subordinate Net Revenues shall be deposited into the Subordinate Bond Fund and the Subordinate Bond Reserve Fund in accordance with Section 6.04 of the Senior General Bond Resolution and the Board shall comply with the terms and provisions of Section 6.04 of the Senior General Bond Resolution whether or not there are any Bonds (in this case only, as defined in the Senior General Bond Resolution) Outstanding (in this case only, as defined in the Senior

General Bond Resolution). Notwithstanding anything herein or in the Senior General Bond Resolution to the contrary, the amounts required to be deposited into the Subordinate Bond Fund pursuant to Section 6.04(a)(v) of the Senior General Bond Resolution shall include amounts payable under each Credit Agreement and each Credit Facility.

(b) Subject to Section 8.09, no Subordinate Net Revenues shall be deposited in a Fund or an Account for Junior Lien Obligations unless the Board has approved a Junior Lien Obligation Issuing Instrument authorizing the issuance of Junior Lien Obligations, setting forth the amount and details thereof and approving the execution and delivery of any corresponding Junior Lien Obligations.

(c) Except as otherwise provided herein, in determining the amount of money to be deposited to each Fund and Account there shall be taken into consideration the investment earnings or losses that are to be charged to such Fund or Account in accordance with Section 7.02 hereof, the amounts on deposit in any subaccounts in such Fund or Account from the deposit of Subordinate Other Available Revenues and the amounts then on deposit therein resulting from the application of Subordinate Bond proceeds or the transfers as hereinafter provided.

(d) Within the time frame specified in the applicable Subordinate Series Resolution in advance of any day on which Outstanding Subordinate Serial Bonds are to mature or Outstanding Subordinate Term Bonds are to be redeemed pursuant to the Mandatory Sinking Fund Requirement or are to mature, the Board may satisfy all or a portion of its obligation to make the payments on those Outstanding Subordinate Bonds required by Section 6.04(a)(v) and (vi) of the Senior General Bond Resolution by delivering to the Paying Agent the Subordinate Serial Bonds maturing or the Subordinate Term Bonds maturing or required to be redeemed on such date. The price paid to purchase any such Bond shall not exceed the Redemption Price applicable to such Subordinate Bonds at the next redemption date. Upon such delivery there shall be a credit against amounts otherwise required to be deposited into the Subordinate Principal Account under Section 6.04 of the Senior General Bond Resolution and Section 6.01(a)(ii) hereof in the amount of 100% of the principal amount of any such Subordinate Serial Bonds or Subordinate Term Bonds so delivered.

(e) The Subordinate Series Resolution under which a Series of Subordinate Bonds are issued may provide for different times and methods of paying the interest and/or principal payments due on a Principal Payment Date or an Interest Payment Date, and, in such event, the terms of such Subordinate Series Resolution shall control.

### Section 6.03 Application of Money in Subordinate Principal Account.

(a) Not later than two Business Days preceding each Principal Payment Date, there shall be transferred to the Paying Agent from the Subordinate Principal Account, and from any subaccount created for a particular Series of Subordinate Bonds, the amount necessary to pay the principal and Mandatory Sinking Fund Requirement of any Outstanding Subordinate Bonds at their respective maturities.



(b) If on any Principal Payment Date money remains therein after the payment of the principal of Subordinate Bonds then due, amounts shall be withdrawn therefrom and applied as follows: (i) deposit in the Subordinate Bond Reserve Fund any amounts then required to be paid thereto by the Subordinate Series Resolution and (ii) deposit all remaining amounts into the General Purposes Fund.

(c) If the Board fails to make any deposit to the Subordinate Principal Account, or any subaccount therein, (i) that is required by the Subordinate Series Resolution or otherwise or (ii) if the balance in the Subordinate Principal Account, or any subaccount therein, on the 20th Business Day of the month immediately preceding a Principal Payment Date is insufficient to pay principal and Mandatory Sinking Fund Requirement becoming due on such payment date, the Board immediately shall deposit an amount sufficient to cure the same, drawing upon funds available in the General Purposes Fund (subject to any payments required to be made from the General Purposes Fund in favor of the Senior Bonds, which have priority). If the amount so deposited is not sufficient to cure the deficiency in the Subordinate Principal Account or any subaccount therein, there shall be transferred from the Subordinate Bond Reserve Fund to the Subordinate Principal Account such amount as may be necessary to remedy such deficiency.

#### Section 6.04 Application of Money in Subordinate Interest Account.

(a) Not later than two Business Days preceding each Interest Payment Date there shall be transferred to the Paying Agent from the Subordinate Interest Account and from subaccounts created for a particular Series of Subordinate Bonds the amounts necessary to pay interest on Outstanding Subordinate Bonds and, if applicable, Net Payments related to Outstanding Subordinate Bonds when due and payable.

(b) If (i) the amount required to be deposit in the Subordinate Interest Account, or any applicable subaccount therein, by the Subordinate Series Resolution or (ii) the balance in the Subordinate Interest Account, or any subaccount therein, on the 20th Business Day of the month immediately preceding an Interest Payment Date is insufficient to pay interest becoming due on the Subordinate Bonds on such Interest Payment Date, the Board immediately shall deposit an amount sufficient to cure the shortfall, drawing upon funds available in the General Purposes Fund (subject to any payments required to be made from the General Purposes Fund in favor of the Senior Bonds, which have priority). If the amount so delivered is not sufficient to cure the deficiency in the Subordinate Interest Account, or any subaccount therein, there shall be transferred to the Subordinate Interest Account such amount as may be necessary to remedy such deficiency from the Subordinate Bond Reserve Fund.

Section 6.05 Application of Money in the Subordinate Redemption Account. When the Board determines to purchase or redeem certain Subordinate Bonds under ARTICLE IV hereof and there is no Escrow Fund or Escrow Deposit Agreement, the Board (i) may deposit such funds in the Subordinate Principal Account or the Subordinate Interest Account, then available and to the extent not required to be maintained in said Accounts for the purposes set forth in Section 6.04(a)(v) and (vi) of the Senior General Bond Resolution and Sections 6.03 and 6.04 hereof, as applicable, to be applied by the Paying Agent for the purchase or redemption of Subordinate Bonds, or (ii) may deposit such other funds to be used for such purposes, in the Subordinate Redemption Account to be applied by the Paying Agent to the purchase or redemption of Subordinate Bonds, in either case as set forth in ARTICLE IV hereof.

Section 6.06 Application of Money in Subordinate Bond Reserve Fund. The Subordinate Bond Reserve Fund shall be used solely for the payment of Principal and Interest Requirements on the Subordinate Bonds. An Account within the Subordinate Bond Reserve Fund may be pledged to all Series of Subordinate Bonds Outstanding or solely to one or more particular Series of Subordinate Bonds as set forth in the Subordinate Series Resolution. If a Reserve Requirement has been designated for a Series of Subordinate Bonds, the related Subordinate Series Resolution shall either (1) create a separate Account within the Subordinate Bond Reserve Fund or (2) designate a previously created Account within the Subordinate Bond Reserve Fund, if permitted, for the deposit of the Reserve Requirement. Whenever there is a deficiency in the Subordinate Bond Fund for the payment of Principal and Interest Requirements for Subordinate Bonds for which a Reserve Requirement has been designated, funds available in the appropriate Account of the Subordinate Bond Reserve Fund shall be used by the Board for the payment of Principal and Interest Requirements on such Subordinate Bonds. If at any time there shall be money and investments then on deposit and available in the Subordinate Bond Fund and Subordinate Bond Reserve Fund in an amount sufficient to permit the payment of Principal and Interest Requirements on such Subordinate Bonds or the purchase for cancellation or call for redemption under ARTICLE IV hereof on the next available redemption date of any Outstanding Subordinate Bonds, without thereby reducing the balance thereafter remaining in the Subordinate Bond Fund and Subordinate Bond Reserve Fund below the amount that on such Principal Payment Date or Interest Payment Date would be required by the Subordinate Series Resolution to be on hand therein, or purchase or redemption date would be required by the Subordinate Series Resolution to be on hand therein with respect to Subordinate Bonds not to be so purchased or redeemed, the Board may, at its discretion, cause such money in the Subordinate Bond Fund and Subordinate Bond Reserve Fund in the amounts required to be used, together with any other money provided by the Board, to accomplish such payment, purchase or redemption.

(a) In addition to the foregoing the Board may at any time elect to provide a Credit Facility to fund all or any portion of the Reserve Requirement in replacement of any cash, investments or Credit Facility then used to fund the Reserve Requirement. Any Credit Facility must provide for payment on any interest or principal payment date (provided adequate notice is given) on which a deficiency exists (or is expected to exist) in moneys held hereunder for a payment with respect to Subordinate Bonds which cannot be cured by Funds in any other Account held under this Subordinate General Bond Resolution and available for such purpose, and shall name the Board as the beneficiary thereof. Any Credit Facility used to fund all or any portion of the Reserve Requirement must be rated, at the time such Credit Facility is obtained, in

one of the two highest full rating categories by a Rating Agency that maintains a rating of the Subordinate Bonds. If a disbursement is made from a Credit Facility, the Board shall be obligated to reinstate the maximum limits of such Credit Facility immediately following such disbursement or to replace such Credit Facility by depositing into the Subordinate Bond Reserve Fund from the first Subordinate Net Revenues available for deposit under Subsection 6.04(a)(vi) of the Senior General Bond Resolution, funds in the maximum amount originally payable under such Credit Facility, plus amounts necessary to reimburse the Credit Enhancer for previous disbursements made under such Credit Facility, or a combination of such alternatives and for purposes of Subsection 6.04(a)(vi) of the Senior General Bond Resolution, amounts necessary to satisfy such reimbursement obligation and other obligations of the Board to such a Credit Enhancer shall be deemed required deposits into the Subordinate Bond Reserve Fund, but shall be used by the Board to satisfy its obligations to the Credit Enhancer.

(b) The amounts in the Subordinate Bond Reserve Fund, including proceeds of any Credit Facility, shall be used to make transfers, in the following order: to the Subordinate Interest Account and the Subordinate Principal Account to remedy any deficiency in any deposit required to be made to said Accounts by Sections 6.03 and 6.04 hereof or to pay the interest on or the principal of (whether at maturity or in satisfaction of the Mandatory Sinking Fund Requirement therefor) the Subordinate Bonds when due, only whenever and to the extent that the money on deposit in any or all of said Accounts, together with transfers thereto from the General Purposes Fund, is insufficient for such purposes. The moneys in the Subordinate Bond Reserve Fund shall be used to pay interest on the Interest Payment Date immediately preceding the final maturity of all Subordinate Bonds Outstanding and the principal of and the interest on such Subordinate Bonds on the final maturity date of the same.

(c) So long as any Subordinate Bonds are Outstanding, the Board shall value the Investment Obligations in each account of the Subordinate Bond Reserve Fund as set forth in Section 7.03. If as of any date on which the value of Investment Obligations is determined, the balance in that Account in the Subordinate Bond Reserve Fund, including accrued interest to the date of valuation, is less than the Reserve Requirement, the provisions set forth in Section 7.03 shall be taken to cure the same. If as of any such date, the balance in any account in the Subordinate Bond Reserve Fund, including accrued interest to the date of valuation, is more than the Reserve Requirement, there shall be transferred within 120 days of such determination, the excess amount to (i) if during the construction period with respect to Improvements financed from the proceeds of the related Series of Subordinate Bonds, to the subaccount relating to such Series of Subordinate Bonds in the Subordinate Construction Fund, and (ii) thereafter to the Subordinate Bond Fund.

#### Section 6.07 Application of Money in the Subordinate Construction Fund.

(a) Funds on deposit in the Subordinate Construction Fund shall only be applied to pay Costs of Improvements to be financed with the proceeds of a Series of Subordinate Bonds. All moneys in the Subordinate Construction Fund shall be held and disbursed as provided in the Subordinate Series Resolution under which those moneys were deposited into the Subordinate Construction Fund. If the unexpended proceeds of a prior Series of Subordinate Bonds remain in the Subordinate Construction Fund upon the issuance of any subsequent Series of Additional Subordinate Bonds, there shall be established a separate account within the Subordinate

Construction Fund, for accounting purposes, for the deposit of the proceeds of the subsequent issue of Additional Subordinate Bonds in accordance with this Section.

(b) If any money remains in the account in the Subordinate Construction Fund created for the proceeds of a Series of Subordinate Bonds after the applicable Completion Date and payment, or provision for payment, in full of the costs of the Improvements to be financed with the proceeds of that Series of Subordinate Bonds, then such money shall be used promptly, unless otherwise provided in the applicable Subordinate Series Resolution, for one or more of the following purposes at the direction of an Authorized Representative: (i) payment of costs of additional Improvements to the Airport; (ii) payment of interest as it becomes due on that Series of Subordinate Bonds until all such excess amount is so used; and (iii) deposit into the Subordinate Bond Fund to satisfy Principal and Interest Requirements of Subordinate Bonds and amounts payable under Credit Agreements and Credit Facilities other than Subordinate Bonds of that Series; provided that with respect to clauses (ii) and (iii), such use and the manner in which it is proposed to be made will not, in the opinion of Bond Counsel or under ruling of the Internal Revenue Service, adversely affect the exclusion of the interest on any Series of Subordinate Bonds from the gross income of the Bondholders thereof for federal income tax purposes. Any money remaining in an account in the Subordinate Construction Fund for particular Improvements after completion of those Improvements shall be invested in such manner as not to adversely affect the exclusion of the interest on any Subordinate Bonds from the gross income of the Bondholders.

Section 6.08 Application of Money in the Rebate Fund. The Rebate Fund, created pursuant to Section 6.01 of the Senior General Bond Resolution, shall be held as a trust fund separate and distinct from all other funds of the Board. The amounts in the Rebate Fund shall be used solely to pay Rebate Amounts to the United States. Notwithstanding any other provisions herein, moneys and investments in the Rebate Fund are not pledged for the payment of Principal and Interest Requirements or amounts payable under Credit Agreements or Credit Facilities and shall be clear of any lien created by this Subordinate General Bond Resolution.

Section 6.09 Request for Application of Money in the General Purposes Fund.

(a) Pursuant and subject to Section 6.14(a)(iv) of the Senior General Bond Resolution, if there is any deficiency in any deposit required to be made under Sections 6.03 or 6.04 of this Subordinate General Resolution to pay the principal of (whether at maturity or in satisfaction of the Mandatory Sinking Fund Requirement) and interest on any Subordinate Bond when due, whenever and to the extent that the money on deposit in any or all of said Accounts is insufficient for such purposes, the Board shall transfer the amount equal to any such deficiency from the General Purpose Fund in order to pay such debt service due on the applicable Subordinate Bonds.

(b) Pursuant and subject to Section 6.14(a)(v) of the Senior General Bond Resolution, if there is any deficiency in any deposit required to be made to pay a Termination Payment in connection with an Interest Rate Swap related to a Subordinate Bond, the Board shall transfer the amount equal to any such deficiency from the General Purpose Fund in order to pay such Termination Payment.

Section 6.10 Subordinate Other Available Revenues.

(a) The Board may adopt a Subordinate Series Resolution or take any other action adopted by the Board that (i) specifies the amount of Designated PFC Revenues, Designated CFC Revenues, Designated Grant Revenues (and the amount of such other income or revenue source) that shall constitute Subordinate Other Available Revenues during any Fiscal Year, (ii) specifies the Subordinate Bonds that shall be secured by such Subordinate Other Available Revenues during such time, and (iii) specifies the Accounts and/or subaccounts created or maintained pursuant to such Subordinate Series Resolution or action adopted by the Board for the purpose of holding Designated PFC Revenues, Designated CFC Revenues, Designated Grant Revenues until such funds are used for the purposes set forth in the Subordinate Series Resolution.

(b) Unless otherwise provided in the Subordinate Series Resolution or action adopted by the Board which specifies Subordinate Other Available Revenues for one or more Series of Subordinate Bonds, simultaneously with the withdrawal of amounts from the Revenue Fund for deposit into the Funds and Accounts as set forth in Section 6.04 of the Senior General Bond Resolution, amounts on deposit in the Accounts and subaccounts established for the Subordinate Other Available Revenues may be transferred to the subaccounts established in the Subordinate Interest Account and Subordinate Principal Account of the Subordinate Bond Fund for the applicable Series of Subordinate Bonds, in such amounts as are specified or provided for in the corresponding Subordinate Series Resolution or action adopted by the Board specifying the Series of Subordinate Bonds secured by Subordinate Other Available Revenues.

(c) More than one Series of Senior Bonds or Subordinate Bonds may be secured by Subordinate Other Available Revenues, and no consent from any Holder of any Senior Bond or Subordinate Bond that is secured by Subordinate Other Available Revenues shall be required as a condition to the issuance or incurring of any subsequently issued Senior Bonds or Subordinate Bonds that are secured by Subordinate Other Available Revenues except as may be provided in a Senior Series Resolution or a Subordinate Series Resolution.

Section 6.11 Unclaimed Funds.

(a) All money that the Board has withdrawn from the Subordinate Bond Fund or received from any other source and set aside or deposited with the Paying Agent for the purpose of paying any of the Subordinate Bonds hereby secured, either at maturity or by purchase or call for redemption, or for the purpose of paying any interest appertaining to the Subordinate Bonds hereby secured shall be held in trust for the respective Holders. All interest on money so set aside or so deposited shall accrue to the benefit of the Board and shall be paid to the Board annually.

(b) Unless otherwise prescribed by applicable Commonwealth law, any money that is so set aside and that remains unclaimed by the Holders for a period of two (2) years after the date on which such Subordinate Bonds or interest have become payable, shall be retained by the Board. Thereafter the Holders may petition the Board for payment and then only to the extent of the amounts so received, without any interest thereon. The Board shall have full discretion in its determination to make the requested payment.

Section 6.12 Disposition of Fund Balances.

After provision is made for the payment of all Outstanding Subordinate Bonds secured under this Subordinate General Bond Resolution, including the interest thereon and for the payment of all other obligations, expenses and charges required to be paid under or in connection with this Subordinate General Bond Resolution, and there are no other resolutions, other agreements, court orders or decrees, or laws that impose a continuing lien on the balance or otherwise governing the use of such balance, all amounts in any Fund or Account then held by it under this Subordinate General Bond Resolution shall be disbursed as directed by the Board. If a continuing lien has been imposed on any such balance by another resolution, any other agreement, by court order or decree, or by law, the Board shall pay such balance to such person as is entitled to receive the same by law or under the terms of such resolution, agreement, court order, or decree.

Section 6.13 Interest Rate Swaps.

(a) A Subordinate Series Resolution authorizing an Interest Rate Swap with respect to any Series of Subordinate Bonds, including, without limitation, any Subordinate Bonds hereafter secured under this Subordinate General Bond Resolution, may provide for deposits to the credit of the Subordinate Interest Account (or a subaccount therein) in the Subordinate Bond Fund under the provisions of Section 6.04(a)(v) of the Senior General Bond Resolution and Section 6.03 hereof for the payment of Net Payments (but not Termination Payments) to be made at such time and in such amounts, and to be set aside and held for the account of and for disposition by the Board, all as shall be provided in such Subordinate Series Resolution.

(b) Termination Payments shall be payable exclusively from funds in the General Purposes Fund (subject to any payments required to be made from the General Purposes Fund in favor of the Senior Bonds, which have priority) in accordance with Section 6.14(a)(v) of the Senior General Bond Resolution.

[END OF ARTICLE VI]

## ARTICLE VII

### DEPOSITS, INVESTMENT OF FUNDS, AND COVENANT AS TO ARBITRAGE

#### Section 7.01 Deposits.

(a) Until money deposited under the terms hereof has been invested in Investment Obligations, the amount of money in excess of the amount guaranteed by the Federal Deposit Insurance Corporation or other federal agency shall be continuously secured for the benefit of the Board and the Holders in such other manner as may then be required or permitted by applicable Commonwealth or federal laws and regulations regarding the security for, or granting a preference in the case of, the deposit of trust funds; provided that it shall not be necessary for the Paying Agent to give security for the deposit of any money with it for the payment of the principal of or the redemption premium or the interest on any Subordinate Bonds or for any Depository to give security for any money that is represented by Investment Obligations purchased under the provisions of this Article.

(b) Notwithstanding the provisions of Section 7.02 below, all money deposited with any Depository shall be credited to the particular Fund or Account to which such money belongs.

#### Section 7.02 Investment of Money.

(a) Money in the Subordinate Bond Fund and the Subordinate Bond Reserve Fund shall be invested and reinvested by the Board in Investment Obligations. Those investments shall mature or be redeemable at the option of the Board at the times and in the amounts necessary at the best prices then reasonably available to provide money to pay Principal and Interest Requirements on Subordinate Bonds as they become due or pursuant to any Mandatory Sinking Fund Requirements. Money in the Subordinate Bond Reserve Fund may be invested and reinvested only in obligations that mature or are redeemable within five years from the date of purchase. From time to time the Board may sell those investments and reinvest the proceeds from those investments in Investment Obligations maturing or redeemable as required under this subsection (a). The Board shall sell or redeem investments credited to the Subordinate Bond Fund and to the Subordinate Bond Reserve Fund to produce sufficient money at the times required for the purpose of paying Principal and Interest Requirements when due, and shall do so without necessity for any order on behalf of the Board and without restriction by reason of any order.

The Board shall invest the money in each of the Funds and Accounts in Investment Obligations. Money on deposit in the Subordinate Construction Fund shall be invested in Investment Obligations maturing or redeemable at the option of the Board not later than the times when that money is projected to be required for the payment of costs of the applicable Improvements. Money in the Revenue Fund shall be invested by the Board in Investment Obligations maturing or redeemable at the option of the Board at the times and in the amounts necessary to permit the payments required by Section 6.04 of the Senior General Bond Resolution to be made from the Revenue Fund.

An investment made from money credited to any Fund shall constitute part of that Fund and each Fund shall be credited with all proceeds of sale and income from the investment of money credited to it; provided that, if such proceeds constitute Revenues, they shall be transferred to the Revenue Fund. Any investments constituting Investment Obligations may be purchased from or sold to the Paying Agent, or any bank, trust company or savings and loan association affiliated with the Paying Agent.

Section 7.03 Valuation. The amount in the Subordinate Bond Reserve Fund must be valued at market annually on January 15. Whenever the market value of the cash and Investment Obligations in the Subordinate Bond Reserve Fund, plus interest to the date of valuation, is less than the Reserve Requirement, there shall immediately be (a) transferred from the General Purposes Fund an amount sufficient to cure the deficiency (subject to any payments required to be made from the General Purposes Fund in favor of the Senior Bonds, which have priority), (b) a Credit Facility provided in an amount sufficient to cure such deficiency, or (c) transferred from funds and accounts of the Board other legally available funds in an amount sufficient to cure such deficiency.

Section 7.04 Tax Covenants.

(a) The Board covenants that so long as any of the Subordinate Bonds remain Outstanding money on deposit in any Fund or Account maintained in connection with the Subordinate Bonds, regardless of whether such money was derived from the proceeds of the sale of the Subordinate Bonds or from any other sources, will not be used in a manner that would cause the Subordinate Bonds (other than Subordinate Bonds issued as Taxable Subordinate Bonds) to be “arbitrage bonds” within the meaning of Section 148 of the Code, and applicable regulations promulgated from time to time thereunder. Nothing provided in this Subordinate General Bond Resolution shall prohibit the Board from issuing Additional Subordinate Bonds as Taxable Subordinate Bonds.

(b) The Board further covenants to comply with all other requirements of the Code, and applicable regulations promulgated from time to time thereunder, in order to maintain the exclusion of gross income for federal income tax purposes of interest on Subordinate Bonds issued as Tax-Exempt Subordinate Bonds or to maintain the entitlement to the subsidy payment or tax credit from the federal government for Tax-Advantaged Subordinate Bonds.

[END OF ARTICLE VII]



## ARTICLE VIII

### GENERAL COVENANTS AND REPRESENTATIONS

Section 8.01 Payment of Principal, Interest and Premium. The Board shall cause to be paid, when due, the principal of (whether at maturity, by redemption or otherwise) and interest on the Subordinate Bonds at the places, on the dates and in the manner provided herein and in said Subordinate Bonds, according to the true intent and meaning thereof. The Subordinate Bonds are limited obligations payable solely as set forth in ARTICLE V hereof.

Section 8.02 Operation of Airport. The Board shall establish and enforce reasonable rules and regulations governing the operation and use of the Airport, operate the Airport in an efficient and economical manner, maintain the properties constituting the Airport in good repair and in sound operating condition for so long as the same are necessary or appropriate to the operation of the Airport, and comply with all valid acts, rules, regulations, orders and directions of any legislative, executive, administrative or judicial body that are applicable to the Airport.

Section 8.03 Rate Covenant.

(a) The Board shall fix, charge and collect rates, fees, rentals and charges in connection with the ownership and operation of the Airport and for services rendered in connection therewith, and shall revise such rates, fees, rentals and charges as often as may be necessary or appropriate, so that Subordinate Net Revenues in each Fiscal Year will be at least equal to 100% of the aggregate amount required to be applied or deposited by the Board during such Fiscal Year to pay the Principal and Interest Requirements on the Outstanding Subordinate Bonds as required under Subsections 6.04(a)(v) through (iv) of the Senior General Bond Resolution, this Subordinate General Bond Resolution or any Subordinate Series Resolution.

(b) The Board shall, while any Subordinate Bonds remain Outstanding, charge and collect rates, fees, rentals and charges in connection with the ownership and operation of the Airport and for services rendered in connection therewith and shall revise such rates, fees, rentals and charges as often as may be necessary or appropriate, so that for each Fiscal Year the Subordinate Net Revenues for such Fiscal Year will be equal to at least 110% of Principal and Interest Requirements on all Outstanding Subordinate Bonds for that Fiscal Year.

(c) The Board covenants that if Subordinate Net Revenues in any Fiscal Year are less than the amount specified in subsection (a) or (b) of this Section, the Board will retain and direct an Airport Consultant to make recommendations as to the revision of the Board's business operations and its schedule of rates, fees, rentals and charges for the use of the Airport and for services rendered by the Board in connection with the Airport. After receiving such recommendations, the Board shall, subject to applicable requirements or restrictions imposed by law, and subject to a good faith determination of the Board that such recommendations, in whole or in part, are in the best interests of the Board, take all lawful measures to comply with the recommendations of the Airport Consultant as to revisions of the Board's business operations and schedule of rates, fees, rentals and charges as may be necessary to produce Net Revenues, in

the amounts specified in subsection (a) and (b) of this Section in the next Fiscal Year. In the event that Subordinate Net Revenues for any Fiscal Year (referred to in this paragraph as “Fiscal Year One”) are less than the amount specified in subsection (a) or (b) of this Section but, prior to or during the next succeeding Fiscal Year (referred to in this paragraph as “Fiscal Year Two”), the Board has taken all lawful measures to comply with the recommendations of the Airport Consultant as to revisions of the Board’s business operations and schedule of rates, fees, rentals and charges as required by this subsection (c) such deficiency in Subordinate Net Revenues for Fiscal Year One shall not constitute an Event of Default under the provisions of Subsection 9.01(e) hereof. Nevertheless, even if the measures required by this subsection (c) to revise the schedule of rates, fees, rentals and charges have been taken by the Board, in the event the Subordinate Net Revenues in Fiscal Year Two, are less than the amounts specified in subsection (a) or (b) of this Section, such deficiency in Subordinate Net Revenues shall, with the applicable notice, constitute an Event of Default under the provisions of Subsection 9.01(e) hereof.

(d) An Authorized Representative shall file with the Board within six (6) months after the end of each Fiscal Year a calculation or other evidence from the Authorized Representative or an Airport Consultant demonstrating compliance (or non-compliance) with the coverage requirements of this Section 8.03.

#### Section 8.04 Records, Accounts and Audits.

(a) The Board shall keep the Funds, Accounts, money and investments of the Airport separate from all other Funds, Accounts, money and investments of the Board and shall keep accurate records and accounts of all items of costs and of all expenditures relating to the Airport and of the Revenues collected and the application of such Revenues.

(b) The Board covenants that it will keep and provide accurate books and records of account showing all Revenues received and all expenditures of the Board and that it will keep or cause to be kept accurate books and records of account showing all moneys, Revenues, accounts and funds (including all Funds and Accounts provided for in this Subordinate General Bond Resolution) which are or shall be in the control or custody of the Board; and that all such books and records pertaining to the Airport shall be open upon reasonable notice during business hours to the Holders of not less than 10% of the principal amount of Subordinate Bonds then Outstanding, or their representatives duly authorized in writing. So long as any of the Subordinate Bonds remain Outstanding, the Board will prepare audited financial statements including a statement of the income and expenses for such Fiscal Year and a balance sheet prepared as of the close of such Fiscal Year for the Board all accompanied by a certificate or opinion in writing of an independent certified public accountant of recognized standing, selected by the Board, which opinion shall include a statement that said financial statements present fairly in all material respects the financial position of the Board and are prepared in accordance with GAAP.

(c) If for any reason beyond its control, the Board is unable to obtain the foregoing opinion as to compliance with GAAP, the Board shall be deemed to be in compliance with this Section if it takes all reasonable and feasible action to obtain such opinion in subsequent Fiscal Years, and if, in lieu of a statement as to compliance and conformity, such opinion states the reasons for such non-compliance or non-conformity.

(d) The Board shall cause any additional reports or audits relating to the Airport to be made as required by law or by any applicable rules or regulations or any governmental authority having jurisdiction over the Airport. The cost of such audits shall be treated as a part of the cost of operation of the Airport.

Section 8.05 Compliance with Applicable Law. So long as any Subordinate Bond is Outstanding, the Board shall comply or cause there to be compliance with all applicable laws, orders, rules, regulations and requirements of any municipal or other governmental authority relating to the construction, use and operation of the Airport. Nothing contained in this Section shall prevent the Board from contesting in good faith the applicability or validity of any law, ordinance, order, rule, regulation, or requirement, so long as its failure to comply with the same during the period of such contest will not materially impair the operation or the revenue-producing capability of the Airport.

Section 8.06 Payment of Charges and Covenant Against Encumbrances. Except as provided in the Senior General Bond Resolution or this Subordinate General Bond Resolution, the Board shall not create or suffer to be created any lien or charge upon the Airport or any part thereof, or on the Revenues. The Board shall pay or cause to be discharged, or shall make adequate provision to satisfy and discharge, within 60 days after the same become due and payable, all lawful costs, expenses, liabilities and charges relating to the maintenance, repair, replacement or improvement of the properties constituting the Airport and the operation of the Airport and lawful claims and demands for labor, materials, supplies or other objects that might by law become a lien upon the Airport or Revenues if unpaid. Nothing contained in this Section shall require the Board to pay or cause to be discharged, or make provision for the payment, satisfaction and discharge of, any lien, charge, cost, liability, claim or demand so long as the validity thereof is contested in good faith and by appropriate legal proceedings.

Section 8.07 Contracts, Leases and Other Agreements. Subject to the provisions of Section 7.04, the Board may lease, as lessor, all or any part of the Airport, or contract or agree for the performance by others, of operations or services on or in connection with the Airport or any part thereof, for any lawful purpose, provided, that:

(i) each such lease, contract or agreement, or any amendment or rescission thereof, is not inconsistent with the provisions of this Subordinate General Bond Resolution and the Senior General Bond Resolution; and

(ii) the Board shall remain fully obligated and responsible under this Subordinate General Bond Resolution to the same extent as if such lease, contract or agreement, or any amendment or rescission thereof, had not been executed.

Section 8.08 Special Facilities and Special Facility Obligations. Subject to the terms and provisions of Section 8.13 of the Senior General Bond Resolution, the Board shall be permitted to finance the acquisition or construction of a "Special Facility" and to designate that certain contractual payments derived from or relating to any such Special Facility as Special Facilities Revenues, which do not constitute Revenues as long as Special Facility Obligations related to such Special Facility are outstanding.

Section 8.09 Junior Lien Obligations. The Board may incur and issue Junior Lien Obligations for any lawful airport or aviation-related purposes permitted by law, if the following conditions are met:

(a) Junior Lien Obligations issued or otherwise entered into by the Board, must rank junior and subordinate to the Subordinate Bonds issued and Outstanding under this Subordinate General Bond Resolution and may be paid from moneys constituting Subordinate Net Revenues only if all amounts of principal and interest which have become due and payable on the Subordinate Bonds whether by maturity or redemption have been paid in full and the Board is current on all payments, if any, required to be made to replenish the Subordinate Bond Reserve Fund and any separate Accounts therein. In all cases Junior Lien Obligations shall be secured on a junior and subordinate basis to the Subordinate Bonds by the pledge of the Subordinate Net Revenues or shall be secured by assets that are not Subordinate Net Revenues or shall be unsecured. No Subordinate Bond, note, other instrument of indebtedness, or Interest Rate Swap, shall be deemed to be “Junior Lien Obligation” for purposes of this Subordinate General Bond Resolution and payable on a subordinated basis from Subordinate Net Revenues unless specifically designated by the Board as a “Junior Lien Obligation” in the authorizing resolution and Junior Lien Obligation Issuing Instrument;

(b) the principal of, and the redemption premium, if any, and interest on any such Junior Lien Obligation is payable as a whole or in part solely from the proceeds of other Junior Lien Obligations, Additional Subordinate Bonds, or Subordinate Net Revenues as set forth in Section 6.04 of the Senior General Bond Resolution, any money available therefor in the General Purposes Fund (subject to any payments required to be made from the General Purposes Fund in favor of the Senior Bonds or the Subordinate Bonds, which have priority), or from any other legally available source, provided that such Junior Lien Obligations shall be payable from Additional Subordinate Bonds only to the extent such indebtedness was issued for any purpose for which Additional Subordinate Bonds may be secured under this Subordinate General Bond Resolution; and

(c) except for payments from the proceeds of Additional Subordinate Bonds, Subordinate Net Revenues transferred to the Paying Agent for the Junior Lien Obligations under the provisions of Section 6.04 of the Senior General Bond Resolution, and the General Purposes Fund (subject to any payments required to be made from the General Purposes Fund in favor of the Senior Bonds or Subordinate Bonds, which have priority), no money in any other Fund or Account created under the provisions of this Subordinate General Bond Resolution shall be used to pay the principal of, or the interest or redemption premium, if any, on, any Junior Lien Obligations. There shall be no rights of acceleration with respect to Junior Lien Obligations in an Event of Default with respect to the Junior Lien Obligations.

Section 8.10 Further Instruments and Actions. The Board shall, from time to time, execute and deliver such further instruments or take such further actions as may be required to carry out the purposes of this Subordinate General Bond Resolution.

Section 8.11 Incorporation of Covenants and Representations from Senior General Bond Resolution. The Board covenants that it will continue to comply with the covenants and representations set forth in Sections 8.05, 8.06, 8.07, 8.10, 8.11 and 8.15 of the Senior General

Bond Resolution, as if such covenants were set forth in this Subordinate General Bond Resolution and as such they are deemed to be applicable to Subordinate Bonds.

[END OF ARTICLE VIII]

## ARTICLE IX

### EVENTS OF DEFAULT; REMEDIES

Section 9.01 Events of Default. Each of the following events is hereby declared an “Event of Default” with respect to a Series of Subordinate Bonds:

(a) if payment by the Board in respect of any installment of interest on any Subordinate Bond of such Series shall not be made in full when the same becomes due and payable;

(b) if payment by the Board in respect of the principal of any Subordinate Bond of such Series shall not be made in full when the same becomes due and payable, whether at maturity or by proceedings for redemption or otherwise;

(c) if payment of the purchase price of any Subordinate Bond tendered for optional or mandatory tender for purchase in accordance with the provisions of the Subordinate Series Resolution providing for the issuance of such Subordinate Bonds shall not be made in full as and when due;

(d) if the Board shall fail to observe or perform any covenant or agreement on its part under this Subordinate General Bond Resolution, other than the covenant or agreement set forth in Section 8.03 hereof (which shall be controlled by the provisions set forth therein), for a period of 60 days after the date on which written notice of such failure, requiring the same to be remedied, shall have been given to the Board by the Holders of at least 51% in aggregate principal amount of Outstanding Subordinate Bonds of the Series to which such failure applies; provided, however, that if the breach of covenant or agreement is one which cannot be completely remedied within the 60 days after written notice has been given, it shall not be an Event of Default with respect to such Series as long as the Board has taken active steps within the 60 days after written notice has been given to remedy the failure and is diligently pursuing such remedy;

(e) if the Board fails to comply with the requirements of Section 8.03 hereof;

(f) if a party shall institute or file a petition with the federal Bankruptcy Court seeking reorganization of the Board or other form of relief from the Bankruptcy Court and the Board has not contested such filing for a period of 60 days after such claim or petition is filed;

(g) if the Board shall institute proceedings to be adjudicated a bankrupt or insolvent, or shall consent to the institution of bankruptcy or insolvency proceedings against it, or shall file a petition or answer or consent seeking reorganization or relief under the federal Bankruptcy Code or any other similar applicable federal or state law, or shall consent to the filing of any such petition or to the appointment of a receiver, liquidator, assignee, trustee or sequester (or other similar official) of the Board or of any substantial part of its property, or shall make an assignment for the benefit of creditors, or shall admit in writing its inability to pay its debts generally as they become due;

(h) The occurrence of any other Event of Default as provided in a Subordinate Series Resolution; and

(i) A default in the payment of principal of or interest on any Senior Bonds.

Section 9.02 No Acceleration; No Cross Defaults. There shall be no rights of acceleration with respect to the Subordinate Bonds. An Event of Default with respect to one Series of Subordinate Bonds shall not cause an Event of Default with respect to any other Series of Subordinate Bonds unless such event or condition on its own constitutes an Event of Default with respect to such other Series of Subordinate Bonds under Section 9.01 hereof.

Section 9.03 Remedies and Enforcement of Remedies.

(a) Upon the occurrence of any Event of Default specified in Section 9.01 hereof, then and in every such case the Holders of not less than fifty-one percent (51%) of the aggregate principal amount of the Series of Subordinate Bonds for which such Event of Default applies, may proceed forthwith to protect and enforce the rights of the Bondholders hereunder with respect to such Series of Subordinate Bonds and under the Act by such suits, actions or proceedings, including but not limited to:

(i) Civil action to recover money or damages due and owing;

(ii) Civil action to enjoin any acts or things, which may be unlawful or in violation of the rights of the Holders of such Series of Subordinate Bonds; and

(iii) Enforcement of any other right of such Bondholders with respect to such Series of Subordinate Bonds conferred by law, including the Act, or hereby, including, without limitation, by suit, action, injunction, mandamus or other proceedings to enforce and compel the performance by the Board of actions required by the Act or this Subordinate General Bond Resolution, including the fixing, changing and collection of fees or other charges.

(b) Notwithstanding anything else in this Section, the remedies herein provided for with respect to Funds or Accounts hereunder shall be limited to the Funds or Accounts hereunder pledged to, or from which principal of and interest is payable on, the applicable Series of Subordinate Bonds with respect to which an Event of Default exists.

Section 9.04 Application of Revenues and Other Moneys After Event of Default.

During the continuance of an Event of Default with respect to any Series of Subordinate Bonds, all Subordinate Net Revenues and any other applicable moneys held by the Board with respect to such Series of Subordinate Bonds (other than Subordinate Other Available Revenues) pursuant to any right given or action taken under the provisions of this ARTICLE IX shall be applied according to the accrued debt service deposits or payments with respect to each such Series as follows; provided, however, that any money drawn under a Credit Facility, if any, and amounts held in Accounts in the Subordinate Bond Fund and the Subordinate Bond Reserve Fund shall be applied solely to pay interest or principal, as applicable, on the related Series of Subordinate Bonds:

(a) Unless the principal of all such Outstanding Subordinate Bonds shall have become due and payable:

First: To the payment to the persons entitled thereto of all installments of interest then due on such Subordinate Bonds in the order of maturity of such installments, and, if the amount available shall not be sufficient to pay in full any installment or installments maturing on the same date, then to the payment thereof ratably, according to the amounts due thereon to the persons entitled thereto, without any discrimination or preference; and

Second: To the payment to the persons entitled thereto of the unpaid principal amounts of any such Subordinate Bonds which shall have become due (other than Subordinate Bonds previously called for redemption for the payment of which moneys are held under the provisions hereof), whether at maturity or by proceedings for redemption or otherwise or upon the tender of any Subordinate Bond under the terms of the Subordinate Series Resolution providing for the issuance of such Subordinate Bond, in the order of their due dates, and if the amounts available shall not be sufficient to pay in full all the Subordinate Bonds of such Series due on any date, then to the payment thereof ratably, according to the principal amounts due on such date, to the persons entitled thereto, without any discrimination or preference.

(b) If the principal of all such Outstanding Subordinate Bonds shall have become due and payable, to the payment of the principal and interest then due and unpaid upon such Subordinate Bonds without preference or priority of principal over interest or of interest over principal, or of any installment of interest over any other installment of interest, or of any such Subordinate Bond over any other such Subordinate Bond, ratably, according to the amounts due respectively for principal and interest, to the persons entitled thereto without any discrimination or preference.

Whenever moneys are to be applied by the Board under the provisions of this Section, such moneys shall be applied by it at such times, and from time to time, as the Board shall determine in accordance with the Senior General Bond Resolution and this Subordinate General Bond Resolution, having due regard for the amount of such moneys available for application and the likelihood of additional moneys becoming available for such application in the future. Whenever the Board shall apply such moneys, it shall fix the date (which shall be an Interest Payment Date unless it shall deem another date more suitable) upon which such application is to be made and upon such date interest on the principal amounts to be paid on such dates shall cease to accrue if so paid. The Board shall give such notice as it may deem appropriate, in accordance with the Senior General Bond Resolution and this Subordinate General Bond Resolution, of the deposit with it of any such moneys and of the fixing of any such date, and shall not be required to make payment to the Holder of any Subordinate Bond until such Subordinate Bond shall be presented to the Paying Agent for appropriate endorsement of any partial payment or for cancellation if fully paid.

Whenever all installments of interest then due on the Subordinate Bonds and all unpaid principal amounts of any Subordinate Bonds that shall have become due have been paid under the provisions of this Section, and each Credit Enhancer, if any, has been reimbursed for all amounts drawn under the applicable Credit Facility, if any, and used to pay principal, premium,



if any, and interest on the Subordinate Bonds, the Board shall resume making the transfers in the amounts and according to the priority set forth in Section 6.04 of the Senior General Bond Resolution. If all Subordinate Bonds and the interest thereon have been paid in full, together with all expenses and charges of the Paying Agent and amounts owing to any Credit Enhancer for draws under its Credit Facility, and no credit enhancement or liquidity support shall be outstanding, any balance remaining shall be paid to such Credit Enhancer to the extent any other amounts are then owing to such Credit Enhancer under the applicable Credit Facility agreement, then the balance shall be paid by the Board as otherwise required by Section 6.04 of the Senior General Bond Resolution, and if not so required, to the Board or as a court of competent jurisdiction may direct.

Notwithstanding the foregoing, Subordinate Other Available Revenues shall be applied solely as provided in Section 6.10 hereof; provided, however, that if the ratable distribution provisions of this Section are applicable, the amounts that would otherwise be distributed under such provisions to Subordinate Bonds that are secured by Subordinate Other Available Revenues shall be reduced by the amount of Subordinate Other Available Revenues that are available for distribution to such Subordinate Bonds under Section 6.10 hereof, and the moneys that become available as a result of such reduction shall then be distributed under this Section without regard to this paragraph.

Section 9.05 Effect of Discontinuance of Proceedings. If any proceeding taken by the Holders on account of any Event of Default is discontinued or abandoned for any reason, then and in every such case, the Board and the Holders shall be restored to their former positions and rights hereunder.

Section 9.06 Control of Proceedings by Holders. Anything in this Subordinate General Bond Resolution to the contrary notwithstanding, the Holders of not less than fifty-one percent (51%) in aggregate principal amount of Subordinate Bonds at any time Outstanding shall have the right, by an instrument or concurrent instruments in writing executed and delivered to the Board, to direct the method and place of conducting all remedial proceedings to be taken by the Bondholders, provided that such direction shall be in accordance with the provisions of this Subordinate General Bond Resolution.

Section 9.07 Restrictions Upon Actions by Individual Holders. Except as provided in Section 9.08 hereof, no Holder shall have any right to institute any suit, action or proceeding in equity or at law for any other remedy hereunder unless such Holder previously shall have given to the Board written notice of the Event of Default on account of which such suit, action or proceeding is to be instituted. Notwithstanding the foregoing provisions of this Section and without complying therewith, the Holders of not less than fifty-one percent (51%) in aggregate principal amount of Subordinate Bonds then Outstanding may institute any such suit, action or proceeding in their own names for the benefit of all Holders hereunder. It is understood and intended that, except as otherwise above provided, no one or more Holders shall have any right in any manner whatsoever by his or their action to affect, disturb or prejudice the security of this Subordinate General Bond Resolution or to enforce any right hereunder except in the manner provided, that all proceedings at law or in equity shall be instituted, had and maintained in the manner herein provided and for the benefit of all Holders and that any individual rights of action

or other right given to one or more of such Holders by law are restricted by this Subordinate General Bond Resolution to the rights and remedies herein provided.

Section 9.08 No Remedy Exclusive. No remedy herein conferred upon or reserved to the Holders is intended to be exclusive of any other remedy or remedies herein provided, and each and every such remedy shall be cumulative and shall be in addition to every other remedy given hereunder or now or hereafter existing at law or in equity.

Section 9.09 Delay Not a Waiver.

(a) No delay or omission by any Holder in the exercise of any right or power accruing upon any such Holder shall impair any such right or power or shall be construed to be a waiver of any such Event of Default or any acquiescence therein, and every power or remedy given by this Subordinate General Bond Resolution to the Holders may be exercised from time to time and as often as may be deemed expedient.

(b) The Holders may waive any Event of Default which has been remedied by the Board before the entry of final judgment or decree in any suit, action or proceeding instituted by the Holders under the provisions of this Subordinate General Bond Resolution or before the completion of the enforcement of any other remedies under this Subordinate General Bond Resolution, but no such waiver shall extend to or affect any other existing or subsequent Event of Default or impair any rights or remedies consequent thereon.

[END OF ARTICLE IX]

## ARTICLE X

### PAYING AGENT; AGENTS

#### Section 10.01 Appointment of Paying Agent and Any Other Agents; Negotiability, Registration, and Registration of Transfer of Subordinate Bonds.

(a) In each Subordinate Series Resolution, supplemental hereto, providing for the issuance of any Series of Subordinate Bonds hereunder, the Board may appoint a Paying Agent. If any Subordinate Bonds are to be refunded, the Board may enter into an Escrow Deposit Agreement with an Escrow Agent for the Subordinate Bonds to be refunded under which the Escrow Agent shall hold moneys in trust or the payment of the Subordinate Bonds to be refunded. The Board may appoint such other agents, including indexing agents and remarketing agents, as it deems necessary and desirable. The Paying Agent shall keep books for the registration and the registration of transfer of the Subordinate Bonds, shall transfer Subordinate Bonds, and shall exchange Subordinate Bonds, all as provided in this Subordinate General Bond Resolution and any applicable Subordinate Series Resolution.

(b) No charge shall be made to any Bondholder for the privilege of exchange, registration, or registration of transfer hereinabove granted, but any Bondholder requesting any such exchange, registration, or registration of transfer shall pay any tax or other governmental charge required to be paid with respect thereto and any charge for shipping and out-of-pocket costs incurred by the Board and the Paying Agent in connection with such exchange, registration, or registration of transfer.

#### Section 10.02 Duties of Paying Agent.

(a) From and after the issuance of the Subordinate Bonds, there shall be transferred by the Board from the appropriate Funds and Accounts for the payment of the Holders of the Subordinate Bonds to the Paying Agent immediately available funds not later than two Business Days prior to each date when principal of, interest on and premium, if any on the Subordinate Bonds are due and payable in amounts sufficient to enable the Paying Agent to timely make all such payments to all Holders of Outstanding Subordinate Bonds. The Paying Agent shall receive and apply such moneys for the payment of principal of, interest on and premium, if any, on Outstanding Subordinate Bonds.

(b) The Paying Agent shall maintain a complete and current record of each Subordinate Bond issued, the name and address of each Bondholder of any Bonds and such additional information as may be required for compliance with applicable state and federal laws and regulations. The Paying Agent, upon receipt of funds from the Board for such purposes, will also receive such funds and make all payments of interest on the Subordinate Bonds and pay principal of and premium on, if any to all Bondholders of Outstanding Subordinate Bonds.

(c) The Paying Agent will undertake to perform such duties and only such duties as are specifically set forth in this Subordinate General Bond Resolution, any applicable

Subordinate Series Resolution, and any agreement between the Board and the Paying Agent (if applicable) in connection with the Subordinate Bonds.

(d) The Paying Agent may perform any of its duties by or through attorneys, agents, receivers, or employees but shall be answerable for the conduct of the same in accordance with the standard specified below, and shall be entitled to advice of counsel concerning all matters of trust hereof and the duties hereunder. The Paying Agent may act upon the opinion or advice of any attorneys (who may be the attorney or attorneys for the Board), approved by the Paying Agent in the exercise of reasonable care.

The Paying Agent shall not be responsible for any recital herein, or in the Subordinate Bonds (except in respect to the certificate of the Paying Agent endorsed on the Subordinate Bonds), or for collecting any insurance moneys, or for the validity of the execution by the Board of this Subordinate General Bond Resolution or of any supplements thereto or instruments of further assurance, or for the sufficiency of the security for the Subordinate Bonds issued hereunder or intended to be secured hereby.

(e) The Paying Agent shall not be accountable for the use of any Subordinate Bonds authenticated or delivered hereunder. The Paying Agent may become the owner of the Subordinate Bonds with the same rights which it would have if not Paying Agent to the extent permitted by law; the Paying Agent may also receive tenders and purchase in good faith Subordinate Bonds from itself, including any department, affiliate or subsidiary, with like effect as if it was not Paying Agent.

(f) The Paying Agent shall be protected in acting upon any notice, request, consent, certificate, order, affidavit, letter, telegram or other paper or document reasonably believed by it to be genuine and correct and to have been signed or sent by the proper person or persons.

(g) Whenever any Outstanding Subordinate Bond shall be delivered to the Paying Agent for cancellation thereof under this Subordinate General Bond Resolution, upon payment of the principal amount or interest represented thereby or for replacement or exchange, such Subordinate Bonds, following such replacement or exchange, shall be promptly cancelled and destroyed by the Paying Agent and counterparts of a certificate of destruction evidencing such destruction shall be furnished by the Paying Agent to the Board.

(h) All Subordinate Bonds which have been redeemed shall not be reissued but shall be cancelled and destroyed by the Paying Agent in accordance with this Section.

(i) As to the existence or non-existence of any fact or as to the sufficiency or validity of any instrument, paper or proceeding, the Paying Agent shall be entitled to rely upon a certificate signed by an Authorized Representative as sufficient evidence of the facts therein contained and shall also be at liberty to accept a similar certificate to the effect that any particular dealing, transaction or action is necessary or expedient, but may at its discretion secure such further evidence deemed necessary or advisable, but shall in no case be bound to secure the same. The Paying Agent may accept a certificate of the Secretary-Treasurer to the effect that a resolution in the form therein set forth has been adopted by the Board as conclusive evidence that such resolution has been duly adopted, and is in full force and effect.

(j) Any permissive right of the Paying Agent to do things enumerated in this Subordinate General Bond Resolution shall not be construed as a duty and it shall not be answerable for other than its negligence or misconduct.

(k) The Paying Agent shall not be required to give any bond or surety in respect of the execution of said powers.

(l) Notwithstanding anything elsewhere in this Subordinate General Bond Resolution contained, the Paying Agent shall have the right, but shall not be required, to demand, in respect of the authentication of any Subordinate Bonds, the withdrawal of any cash, the release of any property, or any action whatsoever with the purview of this Subordinate General Bond Resolution, any showings, certificates, opinions, appraisals or other information, or corporate action or evidence thereof, in addition to that by the terms hereof required as a condition of such action by the Paying Agent deemed desirable for the purpose of establishing the right of the Board to the authentication of any Subordinate Bonds, the withdrawal of any cash, or the taking of any other action by the Paying Agent.

(m) All moneys received by the Paying Agent shall, until used or applied or invested as herein provided, be held for the purposes for which they were received and shall be segregated from other funds.

(n) The Holders of the Subordinate Bonds shall be notified in writing by the Paying Agent not later than fifteen (15) days prior to the date of payment of next accruing interest on the Subordinate Bonds, in respect of any change of Paying Agent.

Section 10.03 Fees and Expenses. If applicable, the Board may pay the Paying Agent and any other agents fees for their services and for all expenses reasonably and necessarily paid or incurred by them in connection therewith and other expenses of the Board pertaining to the Subordinate Bonds including, but not limited to any bond insurance premium, letter of credit fees, guarantee fee, surety bond fee, indexing agent's fee, remarketing agents; fees and professional fees and expenses. Such payment may be made out of any legally available fund of the Board, but the Board may not be compelled to pay such fees and expenses except from the Subordinate Bond Fund or from the proceeds of any Series of Subordinate Bonds on deposit in a Fund or Account created for such Series, but only if such fees and expenses constitute Costs payable from the proceeds of such Series under the applicable Subordinate Series Resolution.

Section 10.04 Other Matters Relating To Any Other Agents. The Board may provide by separate agreement with its agent or by Subordinate Series Resolution providing for the appointment of such agent, for the succession, resignation, removal, replacement of and appointment of successor to any such agent; provided, however, that nothing herein shall be deemed to prohibit the Board from entering into agreements with any such agent which prohibits or precludes resignation or removal or prohibits the Board from providing covenants in any Subordinate Series Resolution providing for the issuance of any Series of Subordinate Bonds for the benefit of the Holder thereof that vary from the provisions of this Subordinate General Bond Resolution so long as such covenants have no material adverse effect on the Holders of the Subordinate Bonds of any other Series.

Section 10.05 Dealing In Subordinate Bonds. Any Paying Agent, or other agent, their affiliates, and any directors, officers, employees or agents thereof, in good faith, may become Holders of Subordinate Bonds secured hereby with the same rights which it would have hereunder if such Paying Agent or other agent did not serve in those capacities.

Section 10.06 Merger or Consolidation. Any bank or trust company with or into which the Paying Agent may be merged or consolidated, or to which the assets and business of the Paying Agent may be sold, shall be deemed the successor of the Paying Agent for the purposes of this Subordinate General Bond Resolution. If the position of the Paying Agent becomes vacant for any reason, the Board, within 30 days thereafter, shall appoint a bank or trust company located in the same County as the Paying Agent to fill such vacancy.

Section 10.07 Adoption of Authentication. In case any of the Subordinate Bonds contemplated to be issued under this Subordinate General Bond Resolution shall have been authenticated but not delivered, any successor Paying Agent may adopt the certificate of authentication of any predecessor Paying Agent so authenticating such Subordinate Bonds and deliver such Subordinate Bonds so authenticated; and in case any of the said Subordinate Bonds shall not have been authenticated, any successor Paying Agent may authenticate such Subordinate Bonds in the name of the predecessor Paying Agent, or in the name of the successor Paying Agent, and in all such cases such certificate shall be fully effective.

Section 10.08 Resignation or Removal of Paying Agent and Appointment of Successor. The Paying Agent may at any time resign and be discharged of the duties and obligations created by this Subordinate General Bond Resolution by giving at least 60 days' written notice to the Board. The Paying Agent may be removed by the Board at any time by an instrument filed with the Paying Agent signed by an Authorized Representative. Any successor Paying Agent shall be appointed by the Board and shall be fully qualified to act in such capacity under the laws of the State, be willing and able to accept the office on reasonable and customary terms and be authorized by law to perform all the duties imposed upon it by this Subordinate General Bond Resolution. In the event of the resignation or removal of the Paying Agent, the Paying Agent shall pay over, assign and deliver any moneys held by it as Paying Agent to its successor.

Section 10.09 Vacancy.

(a) If at any time hereafter the Paying Agent shall resign, be removed, be dissolved, or otherwise become incapable of acting, by bankruptcy or otherwise, or if the bank, trust company or securities firm acting as Paying Agent shall be taken over by any governmental official, agency, department or board, the position of Paying Agent shall thereupon become vacant. If the position of Paying Agent shall become vacant for any of the foregoing reasons or for any other reasons, the Board shall appoint a successor Paying Agent.

(b) If no appointment of a successor Paying Agent shall be made under the foregoing provisions of this Section, the Holder of any Subordinate Bond Outstanding hereunder or any retiring Paying Agent may apply to any court of competent jurisdiction to appoint a successor Paying Agent. Such court may thereupon, after such notice, if any, as such court may deem proper and prescribe, appoint a successor Paying Agent.

[END OF ARTICLE X]

## ARTICLE XI

### EXECUTION OF INSTRUMENTS BY HOLDERS, PROOF OF OWNERSHIP OF SUBORDINATE BONDS, AND DETERMINATION OF CONCURRENCE OF HOLDERS

#### Section 11.01 Execution of Instruments by Holders.

(a) Any request, direction, consent or other instrument in writing required or permitted by this Subordinate General Bond Resolution to be signed or executed by any Holders may be in any number of concurrent instruments of similar tenor and may be signed or executed by such Holders or their attorneys or legal representatives. Proof of the execution of any such instrument and of the ownership of Subordinate Bonds shall be sufficient for any purpose of this Subordinate General Bond Resolution and shall be conclusive in favor of the Paying Agent and the Board with regard to any action taken by either under such instrument if made in the following manner:

The fact and date of the execution by any person of any such instrument may be proved by the verification, by any officer in any jurisdiction who by the laws thereof has power to take affidavits within such jurisdiction, to the effect that such instrument was subscribed and sworn to before him, or by an affidavit of a witness to such execution. Where such execution is on behalf of a person other than an individual, such verification or affidavit shall also constitute sufficient proof of the authority of the signer thereof.

(b) Nothing contained in this ARTICLE XI shall be construed as limiting the Paying Agent to such proof, it being intended that the Paying Agent may accept any other evidence of the matters herein stated which it may deem sufficient. Any request or consent of any Holder shall bind every future Holder of the same Subordinate Bond in respect of anything done by the Paying Agent in pursuance of such request or consent.

(c) Notwithstanding any of the foregoing provisions of this Section, the Paying Agent shall not be required to recognize any person as a Holder or to take any action at his request unless such Subordinate Bonds shall be deposited with it.

[END OF ARTICLE XI]



## ARTICLE XII

### SUBORDINATE SERIES RESOLUTIONS

Section 12.01 Modification or Amendment without Bondholder's Consent. The Board, from time to time, may enter into such Subordinate Series Resolutions hereto as are consistent with the terms and provisions hereof (which Subordinate Series Resolutions shall thereafter form a part hereof) and do not adversely affect the interest of the Holders:

(a) to cure any ambiguity or formal defect or omission or to correct or supplement any provision herein that may be inconsistent with any other provision herein;

(b) to grant to or confer upon the Holders any additional rights, remedies, powers, authority or security that may lawfully be granted to or conferred upon the Holders;

(c) to add to the conditions, limitations and restrictions on the issuance of Subordinate Bonds under the provisions of this Subordinate General Bond Resolution or other conditions, limitations and restrictions thereafter to be observed, provided that such conditions, limitations, and restrictions do not impair the security for the Outstanding Subordinate Bonds;

(d) to add to the covenants and agreements of the Board in this Subordinate General Bond Resolution other covenants and agreements thereafter to be observed by the Board or to surrender any right or power herein reserved to or conferred upon the Board, provided that such covenants and agreements and the surrendering of any right or power do not impair the security for the Outstanding Subordinate Bonds; or

(e) to comply with the provisions of ARTICLE II hereof.

In addition to the foregoing, the Board from time to time (i) may execute Subordinate Series Resolutions (which Subordinate Series Resolutions shall thereafter form a part hereof) that do not materially adversely affect the interests of the Holders in order to provide for or accommodate the issuance of Additional Subordinate Bonds hereunder in the form of bonds with a variable, adjustable, convertible, periodic auction reset, or other similar interest rate structure under which the interest rate is not fixed in percentage at the date of issue for the entire term thereof, deferred interest rate bonds, Subordinate Capital Appreciation Bonds, zero coupon bonds, demand/put bonds, Taxable Subordinate Bonds, Tax-Advantaged Subordinate Bonds, bonds payable or denominated in a foreign currency, or similar types of indebtedness which shall permit the Board to take advantage of changes or innovations in capital markets, including, without limitations, Subordinate Series Resolutions designating a new Credit Facility or Credit Enhancer for any Outstanding Subordinate Bonds, or Subordinate Series Resolutions modifying the terms of Sections 2.03, 2.04, or 2.05 hereof to accommodate for the issuance of Additional Subordinate Bonds of such types or to accommodate the Board realizing the savings associated with the ability of bond underwriters to structure Subordinate Bonds so as to facilitate the creation of derivative products, and (ii) may execute Subordinate Series Resolutions (which Subordinate Series Resolutions shall thereafter form a part hereof) that do not materially adversely affect the interests of the Holders. No Subordinate Series Resolution entered into

under the immediately preceding sentence shall become effective until the Board obtains an opinion of Bond Counsel to the effect that the execution of such the Subordinate Series Resolution alone shall not adversely affect the exclusion of interest from the gross income of the Holders of all Subordinate Bonds (other than Taxable Subordinate Bonds) then Outstanding for federal income tax purposes and confirmation from each of the Rating Agencies that the execution of such Subordinate Series Resolution will not cause a reduction or withdrawal of any rating of such Rating Agency then assigned to any Subordinate Bonds Outstanding hereunder. The delivery of such confirmation with respect to any Subordinate Series Resolution shall create a conclusive presumption that such Subordinate Series Resolution does not materially adversely affect the interests of the Bondholders of such Outstanding Subordinate Bonds.

Section 12.02 Subordinate Series Resolution with Bondholder's Consent.

(a) Subject to the terms and provisions contained in this Section, and not otherwise, the Holders of not less than 51% in aggregate principal amount of the Subordinate Bonds then Outstanding that will be affected by a proposed Subordinate Series Resolution shall have the right, from time to time, anything contained in this Subordinate General Bond Resolution to the contrary notwithstanding, to consent to and approve the adoption of such Subordinate Series Resolution as is deemed necessary or desirable by the Board for the purpose of modifying, altering, amending, adding to or rescinding, in any particular, any of the terms or provisions contained in this Subordinate General Bond Resolution or in any Subordinate Series Resolution, provided that nothing herein contained shall permit, or be construed as permitting (i) an extension of the maturity of the principal of or the interest on any Subordinate Bond, (ii) a reduction in the principal amount of any Subordinate Bond or the redemption premium or the rate of interest thereon, (iii) the creation of a lien upon or a pledge of the Subordinate Net Revenues other than the lien and pledge created by this Subordinate General Bond Resolution, (iv) a preference or priority of any Subordinate Bond or Subordinate Bonds over any other Subordinate Bond or Subordinate Bonds, or (v) a reduction in the aggregate principal amount of the Subordinate Bonds required for consent to such Subordinate Series Resolution. Nothing herein contained, however, shall be construed as making necessary the approval by Holders of the execution of any Subordinate Series Resolution as authorized in Section 12.01 hereof.

(b) If at any time the Board determines that it is necessary or desirable to adopt any Subordinate Series Resolution for any of the purposes of this Section, an Authorized Representative shall cause notice of the proposed adoption of such Subordinate Series Resolution to be mailed, postage pre-paid, to all Holders of registered Subordinate Bonds, at their addresses as they appear on the registration books maintained by the Paying Agent and may be posted on EMMA. Such notice shall briefly set forth the nature of the proposed Subordinate Series Resolution and shall state that copies thereof are on file at the office of an Authorized Representative for inspection by all Holders. The Board shall not, however, be subject to any liability to any Holder by reason of its failure to cause the notice required by this Section to be mailed and any such failure shall not affect the validity of such Subordinate Series Resolution when consented to and approved as provided in this Section.

(c) Whenever the Board receives an instrument or instruments in writing purporting to be executed or deemed executed by the Holders of not less than 51% in aggregate principal amount of the Subordinate Bonds then Outstanding that are affected by a proposed Subordinate

Series Resolution, which instrument or instruments shall refer to the proposed Subordinate Series Resolution described in such notice and shall specifically consent to and approve the adoption thereof in substantially the form of the copy thereof referred to in such notice, thereupon, but not otherwise, the Board may adopt or make effective such Subordinate Series Resolution in substantially such form, without liability or responsibility to any Holder whether or not such Holder shall have consented thereto. The provisions of this paragraph and the immediately succeeding paragraph shall not be read or interpreted to require that the consents of Holders be received by the Board prior to the adoption of the proposed Subordinate Series Resolution. The provisions of this paragraph and the immediately succeeding paragraph shall be satisfied if the Board receives the consents of the Holders prior to the effective date of the proposed Subordinate Series Resolution.

(d) If the Holders of not less than 51% in aggregate principal amount of the Subordinate Bonds Outstanding at the time the Subordinate Series Resolution becomes effective and that are affected by such proposed Subordinate Series Resolution have consented to the Subordinate Series Resolution as herein provided, no Holder shall have any right to object to the adoption or effectiveness of such Subordinate Series Resolution, to object to any of the terms and provisions contained therein or the operation thereof, to question the propriety of the execution thereof, or to enjoin or restrain the Board from executing the same or making the same effective or from taking any action under the provisions thereof.

(e) For purposes of this Subordinate General Bond Resolution, Subordinate Bonds shall be deemed to be “affected” by the Subordinate Series Resolution if the same adversely affects or diminishes the rights of Holders against the Board or the rights of the Holders in the security for such Subordinate Bonds.

(f) Notwithstanding anything in the foregoing to the contrary, with respect to a Series of Subordinate Bonds insured or secured by a Credit Facility, the consent of the issuing Credit Enhancer to the Subordinate Series Resolution shall be deemed to be consent of the Holders of those Subordinate Bonds, so long as such Credit Enhancer is not in Event of Default of its payment obligations under its Credit Facility.

(g) For the purposes of this Section, the purchasers of the Subordinate Bonds of a Series, whether purchasing as underwriters, for resale or otherwise, upon such purchase from the Board, may consent to a modification or amendment permitted by this Section in the manner provided herein and with the same effect as a consent given by the Holders of such Subordinate Bonds, except that no proof of ownership shall be required; provided, that this provision shall be disclosed prominently in the offering document, if any, for each Series of Subordinate Bonds issued in accordance with this Subordinate General Bond Resolution, provided that, if such consent is given by a purchaser who is purchasing as an underwriter or for resale, the nature of the modification or amendment and the provisions for the purchaser consenting thereto shall be described in the offering document prepared in connection with the primary offering of the Subordinate Bonds of such Series by the Board.

Section 12.03 Subordinate Series Resolutions Part of This Subordinate General Bond Resolution. Any Subordinate Series Resolution entered into in accordance with the provisions of this Article and approved as to legality by Bond Counsel and General Counsel shall thereafter

form a part of this Subordinate General Bond Resolution, and this Subordinate General Bond Resolution shall be and be deemed to be modified and amended in accordance therewith. Thereafter the respective rights, duties and obligations under this Subordinate General Bond Resolution of the Board, the Paying Agent, and all Holders of Subordinate Bonds then Outstanding shall thereafter be determined, exercised and enforced in all respects under the provisions of this Subordinate General Bond Resolution as so modified and amended. If any Subordinate Series Resolution is adopted and approved Subordinate Bonds issued thereafter may contain an express reference to such Subordinate Series Resolution, if deemed necessary or desirable by the Board.

[END OF ARTICLE XII]

## **ARTICLE XIII**

### **DEFEASANCE**

#### Section 13.01 Cessation of Interest of Bondholders.

(a) When (i) the Subordinate Bonds secured hereby have become due and payable in accordance with their terms or otherwise as provided in this Subordinate General Bond Resolution, (ii) the whole amount of the principal and the interest and premium, if any, so due and payable upon all Subordinate Bonds have been paid or if the Escrow Agent or the Escrow Agent and the Paying Agent hold money or Defeasance Obligations, or a combination of both, that are sufficient in the aggregate to pay the principal of, and the interest and redemption premium, if any, on all Subordinate Bonds then Outstanding to the maturity date or dates of such Subordinate Bonds or to the date or dates specified for the redemption thereof, (iii) if the Subordinate Bonds are due and payable by reason of a call for redemption, irrevocable instructions to call the bonds for redemption shall have been given by the Board to the Paying Agent, or, if applicable, an Escrow Agent, and (iv) sufficient funds shall also have been provided or provision made for paying all other obligations payable hereunder by the Board, then and in that case the right, title and interest of the Bondholders in the Funds and Accounts created by this Subordinate General Bond Resolution shall thereupon cease, determine and become void, the covenants contained herein shall cease and the Board shall apply any surplus in the Funds or Accounts, other than money held for the redemption or payment of Subordinate Bonds, as provided in ARTICLE IV hereof. Otherwise the covenants contained herein shall be, continue and remain in full force an effect. Notwithstanding the foregoing, if money, Defeasance Obligations, or a combination of both, are deposited with and held by the Escrow Agent or the Escrow Agent and the Paying Agent, as hereinabove provided, and within 30 days after such money, Defeasance Obligations, or a combination of both have been deposited with such Escrow Agent, the Board, in addition to observing the requirements of ARTICLE IV hereof, causes a notice signed by the Escrow Agent to be mailed, by first class mail, postage prepaid, to all registered Holders of Subordinate Bonds at their addresses as they appear on the registration books maintained by the Paying Agent and may be posted on EMMA, setting forth (i) the date designated for the redemption of the Subordinate Bonds, (ii) a description of the money and Defeasance Obligations so held by such Escrow Agent, and (iii) that the covenants contained herein have ceased in accordance with the provisions of this Section, the Escrow Agent shall retain such rights, powers and privileges under this Subordinate General Bond Resolution as may be necessary and convenient in respect of the Subordinate Bonds for the payment of the principal, interest and any premium on which such money or Defeasance Obligations have been deposited.

(b) All money and Defeasance Obligations held by the Escrow Agent or any Paying Agent under this Section shall be held in trust and applied to the payment, when due, of the Subordinate Bonds and obligations payable therewith.

(c) For purposes of this Article, Defeasance Obligations shall be deemed to be sufficient to pay or redeem Subordinate Bonds on a specified date if the principal of and the

interest on such Defeasance Obligations, when due, will be sufficient to pay on such date the principal of, and the premium, if any, and interest due on such Subordinate Bonds on such date.

[END OF ARTICLE XIII]

## ARTICLE XIV

### MISCELLANEOUS PROVISIONS

#### Section 14.01 Effect of Covenants.

(a) All covenants, stipulations, obligations and agreements of the Board contained in this Subordinate General Bond Resolution shall be deemed to be covenants, stipulations, obligations and agreements of the Board and of the Board and of each department and agency of the Board to the full extent authorized or permitted by law, and all such covenants, stipulations, obligations and agreements shall bind or inure to the benefit of the successor or successors thereof from time to time and any officer, board, body or commission to whom or to which any power or duty affecting such covenants, stipulations, obligations and agreements is transferred by or in accordance with law.

(b) Except as otherwise provided in this Subordinate General Bond Resolution, all rights, powers and privileges conferred and duties and liabilities imposed upon the Board or upon the Board by the provisions of this Subordinate General Bond Resolution shall be exercised or performed by the Board, or by such other officer, board, body or commission as may be required by law to exercise such powers or to perform such duties.

(c) No covenant, stipulation, obligation or agreement herein contained shall be deemed to be a covenant, stipulation, obligation or agreement of any member, agent or employee of the Board in his individual capacity, and neither the members of the Board nor any official executing the Subordinate Bonds shall be liable personally on the Subordinate Bonds or be subject to any personal liability or accountability by reason of the issuance thereof.

#### Section 14.02 Reserved.

Section 14.03 Successorship of Board Officers. In the event that the office of any officer or official of the Board who is vested with responsibility under this Subordinate General Bond Resolution is abolished or any two or more offices are merged or consolidated, or in the event of a vacancy in any such office by reason of death, resignation, removal from office or otherwise, or in the event any such officer or official becomes incapable of performing the duties of his office by reason of sickness, absence from the Board or otherwise, all powers conferred and all obligations and duties imposed upon such officer or official shall be performed by the officer or official succeeding to the principal functions thereof or by the officer or official upon whom such powers, obligations and duties are imposed by law.

Section 14.04 Inconsistent Resolutions. All resolutions and parts thereof that are inconsistent with any of the provisions of this Subordinate General Bond Resolution are hereby declared to be inapplicable to the provisions of this Subordinate General Bond Resolution.

Section 14.05 Validation of Subordinate Bonds. The proper officers of the Board may, if necessary, bring proper proceedings for the validation of the Subordinate Bonds.

Section 14.06 Effect of Partial Invalidity. If any one or more of the provisions of this Subordinate General Bond Resolution or of any Subordinate Bonds issued hereunder is held to be illegal or invalid, such illegality or invalidity shall not affect any other provision of this Subordinate General Bond Resolution or of the Subordinate Bonds, and this Subordinate General Bond Resolution and the Subordinate Bonds shall be construed and enforced as if such illegal or invalid provision had not been contained herein or therein.

Section 14.07 Further Authorization. The Authorized Representatives are authorized to transfer legally available funds from existing funds and accounts of the Board into the Funds and Accounts established hereunder, and are authorized to execute any agreements, certifications, financing statements, documents or other instruments which are necessary or appropriate in the judgment of such officers to perfect the transactions contemplated herein, or to protect the rights and interests of the Board or the Holders of the Subordinate Bonds.

Section 14.08 Commonwealth Law Governs. The Subordinate Bonds are issued and this Subordinate General Bond Resolution is adopted with the intent that the laws of the Commonwealth shall govern their construction.

Section 14.09 Effective Date. This Subordinate General Bond Resolution shall be in full force and effect immediately following its adoption, as provided by law.

[END OF ARTICLE XIV]



ADOPTED BY THE KENTON COUNTY AIRPORT BOARD this 16th day of March.

(SEAL)

  
\_\_\_\_\_  
J. Michael Schlotman  
Chairman  
Kenton County Airport Board

ATTEST:

  
\_\_\_\_\_  
Secretary-Treasurer  
Kenton County Airport Board

CERTIFICATION

I, the undersigned, do hereby certify that I am the duly appointed, qualified and acting Secretary-Treasurer of the Kenton County Airport Board (the "Board"), and, as such Secretary Treasurer, I further certify that the foregoing is a true, correct and complete copy of the Resolution duly adopted by the Board at a duly convened meeting held on March 16, 2020, on the same occasion signed by the Chairman and now in full force and effect, all as appears from the official records of the Board in my possession and under my control.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the seal of this Board this 16th day of March, 2020.

(SEAL)

  
\_\_\_\_\_  
Secretary-Treasurer  
Kenton County Airport Board

**ATTACHMENT 3**

**SERIES 2020 SUBORDINATE BOND RESOLUTION**

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KENTON COUNTY AIRPORT BOARD

SERIES 2020 SUBORDINATE BOND RESOLUTION

A SUBORDINATE BOND SERIES RESOLUTION OF THE KENTON COUNTY AIRPORT BOARD AUTHORIZING THE ISSUANCE OF THE AIRPORT REVENUE SUBORDINATE NOTES, SERIES 2020 IN THE MAXIMUM COMMITMENT AMOUNT OF \$75,000,000 FOR THE PURPOSES OF FUNDING THE COSTS OF THE SERIES 2020 SUBORDINATE PROJECT, FUNDING CAPITALIZED INTEREST ON THE SERIES 2020 SUBORDINATE PROJECT AND FUNDING CERTAIN COSTS OF ISSUANCE RELATING TO THE SERIES 2020 SUBORDINATE NOTES; AUTHORIZING THE SERIES 2020 SUBORDINATE NOTES AND THE EXECUTION, DELIVERY AND PERFORMANCE OF THE RELATED CREDIT AGREEMENT BY AND BETWEEN THE BOARD AND PNC BANK, NATIONAL ASSOCIATION; AUTHORIZING THE EXECUTION, DELIVERY AND PERFORMANCE OF SUCH OTHER DOCUMENTS AS THE BOARD DEEMS NECESSARY; AND TAKING ALL OTHER NECESSARY ACTIONS IN CONNECTION WITH THE ISSUANCE OF THE SERIES 2020 SUBORDINATE NOTES.

ADOPTED ON MARCH 16, 2020

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**WHEREAS**, the Kenton County Airport Board (the “Board”) is a body politic and corporate and a political subdivision of the Commonwealth of Kentucky (the “Commonwealth”) duly organized and validly existing under the laws of the Commonwealth pursuant to Chapter 183 of the Kentucky Revised Statutes, as supplemented and amended; and

**WHEREAS**, the Board is authorized and empowered by the laws of the Commonwealth including, without limitation, the Act, to (i) issue revenue bonds for the purpose of defraying the cost of acquiring, constructing, maintaining, expanding, financing, or improving “Airport Facilities” or “Air Navigation Facilities” (each as defined in the Act), (ii) refund such revenue bonds, (iii) adopt a resolution to secure such revenue bonds, and (iv) provide for the pledge or assignment of revenues sufficient to pay the principal of and interest and premium, if any, on the revenue bonds; and

**WHEREAS**, pursuant to the Constitution and the laws of the Commonwealth, and the Board’s 2020 Airport Revenue Subordinate General Bond Resolution adopted by the Board on the date hereof (the “Subordinate General Resolution”), the Board authorized the issuance of airport revenue subordinate bonds from time to time for the purpose of defraying the cost of acquiring, constructing, maintaining, expanding, financing or improving airport facilities or air navigation facilities, or refunding debt issued by the Board for that purpose; providing for the rights of the holders of such subordinate bonds; and pledging certain revenues and funds to secure such subordinate bonds, provided however, subject to any priority of payment and priority of security of any Bonds issued pursuant to the General Bond Resolution; and

**WHEREAS**, the Board has determined to issue its Cincinnati/Northern Kentucky International Airport Revenue Subordinate Notes, Series 2020A and 2020B, in the Maximum Commitment Amount (the “Series 2020 Subordinate Notes”) under this Series 2020 Subordinate Resolution, for the purpose of (i) funding the Costs of the 2020 Subordinate Project, and (ii) funding certain costs of issuance relating to the 2020 Subordinate Notes; and

**WHEREAS**, there have been prepared with respect to the issuance and sale of the Series 2020 Subordinate Notes and submitted to the Board:

- (a) the form of Credit Agreement with respect to the Series 2020 Subordinate Notes by and between PNC Bank, National Association (the “Bank”), and the Board (the “Credit Agreement”) attached hereto as Exhibit A; and
- (b) the forms of Series 2020 Subordinate Notes attached as Exhibit A to the Credit Agreement.

**NOW, THEREFOR, BE IT RESOLVED BY THE KENTON COUNTY AIRPORT BOARD AS FOLLOWS:**

## ARTICLE I

### DEFINITIONS AND AUTHORITY

Section 1.01. Short Title. This Subordinate Series Resolution may be cited as the “Series 2020 Subordinate Resolution.”

Section 1.02. Definitions and Interpretations. All capitalized terms used in this Series 2020 Subordinate Resolution which are not defined herein shall have the meanings specified in the Subordinate General Resolution. In addition, unless the context otherwise clearly requires, the following capitalized words and terms defined in this Section shall have the following meanings:

“Authorized Denominations” means \$1,000 and multiples thereof, subject to a minimum draw amount of \$250,000 for all draws other than the first draw amount, except as otherwise permitted pursuant to the Credit Agreement or agreed to by the Bank in its sole discretion.

“Bank” means PNC Bank, National Association, the initial Holder of the Series 2020 Subordinate Notes and its permitted successors and assigns.

“Business Day” has the meaning set forth in the Credit Agreement.

“Credit Agreement” means the Credit Agreement by and between the Bank and the Board dated as of March 1, 2020, as amended, restated, supplemented or otherwise modified from time to time pursuant to the terms thereof. The Credit Agreement and this Series 2020 Subordinate Resolution collectively constitute a Subordinate Bonds Issuing Instrument within the meaning of the General Bond Resolution.

“Commitment Expiration Date” means March 1, 2024, or such earlier date on which the Credit Agreement is terminated in accordance with its terms, unless extended as provided in the Credit Agreement.

“Draw” means a revolving loan made by the Bank to the Board pursuant to a Series 2020 Subordinate Note, this Series 2020 Subordinate Resolution and the Credit Agreement.

“General Bond Resolution” means the 2016 Airport Revenue General Bond Resolution adopted by the Board on May 16, 2016, as amended, supplemented, modified or restated from time to time.

“Interest Payment Date” means the first Business Day of every calendar month, and on the Commitment Expiration Date and the date on which any Draw has been paid in whole.

“Maximum Commitment Amount” means Seventy Five Million Dollars (\$75,000,000) until the Commitment Expiration Date. The Maximum Commitment Amount reflects the aggregate commitment of the Bank with respect to Draws to be made pursuant to the Credit Agreement and this Series 2020 Subordinate Resolution; it being understood that repayments of the principal component of Draws will replenish amounts that can be drawn under the Series 2020 Subordinate Notes and the Credit Agreement, up to the Maximum Commitment Amount.

“Outstanding Principal Amount” means at any time, the then current, aggregate outstanding principal amount of the Series 2020 Subordinate Notes issued under this Series 2020 Subordinate Resolution, which shall reflect the principal amount (excluding interest) of all Draws or portions thereof which have not been repaid by the Board; provided that the aggregate principal amount outstanding in respect of the Series 2020 Subordinate Notes shall not at any one time exceed the Maximum Commitment Amount.

“Paying Agent” means, for purposes of this Series 2020 Subordinate Resolution and the Series 2020 Subordinate Notes, the Chief Financial Officer of the Board, or any other Authorized Representative appointed by the Board (or by the Board’s Chief Executive Officer).

“Registered Holder”, “Registered Owner”, “Holder” or “Noteholder” means the person in whose name the Series 2020 Subordinate Notes are registered as of the Record Date.

“Series 2020 Subordinate Construction Account” means the special and separate account designated as the Kenton County Airport Board Series 2020 Subordinate Construction Account in the Subordinate Construction Fund created pursuant to Section 3.01 hereof to be used to pay Costs of the Series 2020 Subordinate Project.

“Series 2020 Subordinate Costs of Issuance Fund” means the fund designated as the Kenton County Airport Board Series 2020 Subordinate Costs of Issuance Fund created pursuant to Section 3.01 hereof to be used to make payments for the costs of issuing the Series 2020 Subordinate Notes.

“Series 2020 Subordinate Interest Subaccount” means the special and separate subaccount designated as the Kenton County Airport Board Series 2020 Subordinate Interest Subaccount in the Subordinate Interest Account of the Subordinate Bond Fund created pursuant to Section 3.01 hereof to be used to make interest payments on the Series 2020 Subordinate Notes in accordance with Section 6.04 of the Subordinate General Resolution.

“Series 2020 Subordinate Notes” means the Cincinnati/Northern Kentucky International Airport Revenue Subordinate Notes, Series 2020A and 2020B, issued pursuant to the provisions of the Subordinate General Resolution, this Series 2020 Subordinate Resolution and the Credit Agreement.

“Series 2020 Subordinate Principal Subaccount” means the special and separate subaccount designated as the Kenton County Airport Board Series 2020 Subordinate Principal Subaccount in the Subordinate Principal Account of the Subordinate Bond Fund created pursuant to Section 3.01 hereof to be used to make principal payments on the Series 2020 Subordinate Notes in accordance with Section 6.03 of the Subordinate General Resolution.

“Series 2020 Subordinate Project” means the Improvements included in Exhibit B hereof. The Series 2020 Subordinate Project constitutes Improvements within the meaning of the Subordinate General Resolution.

“Series 2020 Subordinate Rebate Account” means the special and separate account designated as the Kenton County Airport Board Series 2020 Subordinate Rebate Account in the Rebate Fund created pursuant to Section 3.01 hereof.

“Subordinate General Resolution” means the 2020 Airport Revenue Subordinate General Bond Resolution adopted by the Board on the date hereof.

“Tax-Exempt” means obligations the interest on which is excluded from gross income for federal income tax purposes and is either (i) an item of tax preference for purposes of the federal



alternative minimum tax or (ii) not an item of tax preference for purposes of the federal alternative minimum tax.

“Tax-Exempt Series 2020 Subordinate Notes” means the Series 2020 Subordinate Notes that are Tax-Exempt.

“Taxable” means obligations the interest on which is included in gross income for federal income tax purposes.

The words “hereof,” “herein,” “hereto,” “hereby” and “hereunder” (except in the forms of Series 2020 Subordinate Notes) refer to this entire Series 2020 Subordinate Resolution. Unless otherwise noted, all Section and Article references are to sections and articles in this Series 2020 Subordinate Resolution. The definition of “Act” in this Series 2020 Subordinate Resolution is amplified to refer to and include Chapter 58 of the Kentucky Revised Statutes, which is incorporated in such definition by Section 183.136(2) of the Act.

Section 1.03. Authority. This Series 2020 Subordinate Resolution is adopted pursuant to the authority of Article II of the Subordinate General Resolution, and pursuant to authority contained in the Act.

Section 1.04. Determinations by the Board. It is hereby determined by the Board that it is necessary and desirable that the Series 2020 Subordinate Notes shall be authorized and issued in the maximum principal amount not to exceed the Maximum Commitment Amount for the purpose of (i) funding the Costs of the Series 2020 Subordinate Project, and (ii) paying certain costs of issuance relating to the Series 2020 Subordinate Notes.

Section 1.05. The Subordinate General Resolution; Confirmation Thereof. All proceedings preliminary to and in connection with the issuance of the Series 2020 Subordinate Notes and the adoption and effectiveness of the Subordinate General Resolution, whereby provisions were made for the operation of the Airport as a revenue-producing undertaking and for the segregation, allocation, custody and securing of Revenues (as such term is defined under the General Bond Resolution) derived from the operation thereof, for the creation of the special Funds and Accounts created by the General Resolution and for the payments into said special Funds and Accounts and the withdrawals therefrom of specified amounts for authorized purposes and for the permitted investment of moneys on deposit in said special Funds and Accounts, for the making and collecting of reasonable and sufficient rates, charges and fees for the use of the facilities afforded by the Airport, for the operation and maintenance of the Airport on a Fiscal Year basis, for the employment from time to time of an Airport Consultant, and for the enforcement and payment of the Series 2020 Subordinate Notes are hereby ratified, readopted and confirmed and shall continue in full force and effect and inure to the security and benefit of the owners of the Series 2020 Subordinate Notes the same as if such provisions and proceedings were herein set out in full.

## ARTICLE II

### AUTHORIZATION AND DETAILS OF THE SERIES 2020 SUBORDINATE NOTES

Section 2.01. Authorization and Designation of the Series 2020 Subordinate Notes. There is hereby authorized a Series of Airport Revenue Subordinate Notes of the Board designated the “Cincinnati/Northern Kentucky International Airport Revenue Subordinate Notes, Series 2020A and Series 2020B” and with the appropriate designation as Tax-Exempt or Taxable, and are authorized to be issued in an aggregate principal amount not to exceed the Maximum Commitment Amount but no principal amount shall be deemed Outstanding hereunder until such time as a Draw is made pursuant hereto and in accordance with the Credit Agreement. The Series 2020 Subordinate Notes shall be issued in physical form on the effective date of the Credit Agreement in the forms set forth in Exhibit A of the Credit Agreement, and Draws shall be provided in Authorized Denominations. The Paying Agent is hereby directed to authenticate the Series 2020 Subordinate Notes. For the avoidance of doubt, the sum of the Draws on the forms of the Series 2020 Subordinate Notes at any time outstanding shall not exceed the Maximum Commitment Amount. The Series 2020 Subordinate Notes are special and limited obligations of the Board, payable equally and ratably from and secured as set forth in Section 5.01(b) of the Subordinate General Resolution, provided however, subject to any priority of payment and priority of security of any Bonds issued pursuant to the General Bond Resolution. The Series 2020 Subordinate Notes are designated as “Subordinate Balloon Bonds.”

#### Section 2.02. Terms and Provisions Applicable to the Series 2020 Subordinate Notes.

(a) Registration and Exchange. The Series 2020 Subordinate Notes shall be owned by and registered in the name of the Holder. The Holder of the Series 2020 Subordinate Notes shall be deemed and regarded the absolute owner thereof for all purposes, and payment of principal and interest on such Series 2020 Subordinate Notes shall be made only to or upon the written order of such Holder. All such payments shall be valid and effectual to satisfy and discharge the liability upon such Series 2020 Subordinate Notes to the extent of the sum or sums so paid, provided, that the Board shall be entitled to draw and repay thereunder in accordance with the terms and conditions of this Series 2020 Subordinate Resolution and the Credit Agreement.

(b) Delivery and Custody of the Series 2020 Subordinate Notes. The Series 2020 Subordinate Notes shall be delivered to the Bank.

(c) Draws. Subject to the terms and conditions of the Credit Agreement, the Bank will make advances to the Board, from time to time prior to the Commitment Expiration Date, in amounts such that the Outstanding Principal Amount will not exceed the Maximum Commitment Amount, all to provide moneys for the purposes of funding the Series 2020 Subordinate Project as set forth in Exhibit B. To request a Draw, the Board shall fill out a form of Request for Loan (as defined in the Credit Agreement), and shall submit such request to the Bank. Prior to the Commitment Expiration Date, the Board shall be entitled to draw and repay amounts under the Credit Agreement in accordance with the terms and conditions of this Series 2020 Subordinate Resolution and the Credit Agreement. The Board’s obligation to pay the principal of and interest on each Draw shall be evidenced and secured by the Series 2020 Subordinate Notes. The Draws

and the Series 2020 Subordinate Notes shall be payable as set forth in the Series 2020 Subordinate Notes and the Credit Agreement.

(d) Payment of Interest and Establishment of Interest Rate. Interest on the Outstanding Principal Amount of the Series 2020 Subordinate Notes shall accrue at the applicable interest rate as set forth in the form of the Series 2020 Subordinate Notes and the Credit Agreement, with such interest payable on each Interest Payment Date. The amount of interest payable on any Interest Payment Date shall be calculated by the Bank and notice of the amount so payable shall be provided to the Paying Agent no later than the Business Day preceding any Interest Payment Date.

(e) The Series 2020 Subordinate Notes shall be subject to transfer as set forth in the Credit Agreement.

Section 2.03. Payment of Principal.

(a) Prepayment. The Board shall have the right to prepay the Outstanding Principal Amount, in whole or in part, in accordance with the provisions set forth in the Series 2020 Subordinate Notes and the Credit Agreement. Each partial prepayment of the Outstanding Principal Amount shall not be less than an Authorized Denomination.

(b) Maturity. The principal of each Series 2020 Subordinate Notes shall be paid in full to the Bank on the Commitment Expiration Date.

ARTICLE III

FUNDS AND ACCOUNTS; FLOW OF FUNDS; SERIES 2020 SUBORDINATE REBATE ACCOUNT; TAX COVENANTS

Section 3.01. Creation of Funds and Accounts.

(a) There are hereby created and established in the Funds and Accounts created and established or otherwise authorized pursuant to Section 6.01 of the Subordinate General Resolution the following:

- (i) Series 2020 Subordinate Construction Account.
- (ii) Series 2020 Subordinate Costs of Issuance Fund.
- (iii) Series 2020 Subordinate Principal Subaccount.
- (iv) Series 2020 Subordinate Interest Subaccount
- (v) Series 2020 Subordinate Rebate Account.

Section 3.02. Application of Series 2020 Subordinate Notes.

The proceeds from Draws under the Credit Agreement and the Series 2020 Subordinate Notes shall be applied as follows:

(a) To the Series 2020 Subordinate Costs of Issuance Fund, such amounts as may be used to pay costs of issuing the Series 2020 Subordinate Notes;

(b) To the Series 2020 Subordinate Interest Subaccount, all Draws for the payment of Capitalized Interest on the Series 2020 Subordinate Bonds; and

(c) To Series 2020 Subordinate Construction Account, the remaining amount to fund the Costs of the Series 2020 Subordinate Project.

Section 3.03. Series 2020 Subordinate Rebate Account.

(a) At the times and in the manner required by the Code and the applicable laws of the Commonwealth (i) the Consultant or Bond Counsel appointed by the Board shall calculate the amount to be paid to the United States of America as of each such time; (ii) the Chairman, Vice Chairman, Chief Executive Officer or Chief Financial Officer, as an Authorized Representative, shall transfer, to the extent needed, any necessary amount in any to the Series 2020 Subordinate Rebate Account; and (iii) the Chairman, Vice Chairman, Chief Executive Officer or Chief Financial Officer, as an Authorized Representative, shall pay the amount to be paid to the United States of America as calculated pursuant to clause (i) of this paragraph from the Series 2020 Subordinate Rebate Account.

(b) Any money in the Series 2020 Subordinate Rebate Account (i) in excess of the amount to be paid to the United States of America or (ii) following the final payment to the United States of America after payment in full of the Tax-Exempt Series 2020 Subordinate Notes shall be transferred to the General Purposes Fund.

(c) At no time shall any funds constituting proceeds of the Tax-Exempt Series 2020 Subordinate Notes be used or invested in any manner to cause or result in a prohibited payment under, or in any other fashion that would constitute failure of compliance with, Section 148 of the Code.

(d) If the Chief Financial Officer, as an Authorized Representative, receives a written opinion of Bond Counsel that such action would not result in the inclusion of interest on the Tax-Exempt Series 2020 Subordinate Notes in gross income for purposes of federal income taxation, the Board may adopt a Subordinate Series Resolution to the extent necessary and desirable to (i) combine the Rebate Fund and any Accounts or subaccounts therein with the Bond Reserve Fund or (ii) otherwise modify, supplement or replace this Section.

(e) If at any time the Chief Financial Officer, as an Authorized Representative, receives a written opinion of Bond Counsel that failure to comply with this Section or any part of this Section will not adversely affect the exclusion of interest on the Tax-Exempt Series 2020 Subordinate Notes from gross income for purposes of federal income taxation, the Board may discontinue compliance with this Section to the extent set forth in such opinion.

Section 3.04. Tax Covenant.

(a) The Board shall not take any action that would cause the interest on the Tax-Exempt Series 2020 Subordinate Notes to become included in gross income for federal income tax purposes.

(b) In particular, the Board covenants and certifies that no person will use the money on deposit in any Account in connection with the Tax-Exempt Series 2020 Subordinate Notes, whether or not that money was derived from proceeds of the sale of the Tax-Exempt Series 2020 Subordinate Notes, in a way that would cause the Tax-Exempt Series 2020 Subordinate Notes to be classified as “arbitrage bonds” within the meaning of Section 148 of the Code or “hedge bonds” under Section 149(g) of the Code, or that would otherwise cause the interest on the Tax-Exempt Series 2020 Subordinate Notes to be included in gross income for federal income tax purposes. The Board shall cause to be made any and all payments required to be made to the United States Department of the Treasury in connection with the Tax-Exempt Series 2020 Subordinate Notes under Section 148(f) of the Code.

(c) Notwithstanding any other provision of this Series 2020 Subordinate Resolution to the contrary, so long as necessary to maintain the exclusion of interest on the Tax-Exempt Series 2020 Subordinate Notes from gross income for federal income tax purposes, the covenants contained in this Section 3.04 hereof shall survive the payment of the Tax-Exempt Series 2020 Subordinate Notes and the interest thereon, including any payment or defeasance of the Tax-Exempt Series 2020 Subordinate Notes.

## ARTICLE IV

### ISSUANCE AND SALE OF THE SERIES 2020 SUBORDINATE NOTES

Section 4.01. Appointment of Paying Agent. The Chief Financial Officer, as an Authorized Representative, is hereby appointed to act as the Paying Agent in connection with the Series 2020 Subordinate Notes pursuant to Article X of the Subordinate General Resolution.

Section 4.02. Authorization and Approval of Credit Agreement. The Board authorizes and approves the Credit Agreement in substantially the form attached hereto as Exhibit A, with such additions, deletions and completions as may be necessary and approved by the Chairman, Vice Chairman, Chief Executive Officer or Chief Financial Officer, singly and as an Authorized Representative, in accordance with the terms of this Series 2020 Subordinate Resolution after consultation with the Financial Advisor, General Counsel, and Bond Counsel. Each of the Chairman, Vice Chairman, Chief Executive Officer or Chief Financial Officer, as an Authorized Representative, is each singly authorized to execute the Credit Agreement between the Board and the Bank and deliver such Credit Agreement. The execution and delivery of the Credit Agreement by the Chairman, Vice Chairman, Chief Executive Officer or Chief Financial Officer, as an Authorized Representative, shall be conclusive evidence of the Board’s approval of any such additions, deletions and completions and acceptance of the Bank’ proposal to make the Credit Agreement available. The Series 2020 Subordinate Notes shall be signed by, or bear the facsimile signatures of at least two Authorized Representatives, and a facsimile of the official seal of the Board shall be imprinted on the Series 2020 Subordinate Notes; provided that each Series 2020 Subordinate Note shall be manually signed by at least one Authorized Representative if then required by law. The Authorized Representatives and all other proper officers, agents and employees of the Board are hereby authorized, empowered and directed to do all such acts and things and to approve, execute, acknowledge, deliver and file all such documents, agreements, certificates, instruments, notices (including notices of redemption) and undertakings, including, without limitation, any amendments or supplements to, or replacements, extensions or renewals

of, the documents described herein and as may in their respective discretion be deemed necessary or desirable to carry out and comply with, implement, further or facilitate the terms, provisions, intent and purposes of this this Series 2020 Subordinate Resolution and to consummate the transactions, events, happenings and actions and to discharge the duties and undertakings on the part of the Board contemplated hereby or thereby and all of the acts and doings of any officer, agent or employee of the Board which are in conformity with the intent and purposes of these resolutions, whether heretofore or hereafter taken or done, shall be and the same are hereby in all respects, ratified, confirmed and approved.

Section 4.03. Authorization for Draws Under the Credit Agreement. A Draw under the Credit Agreement requires dual signatures by either the Chief Executive Officer, the Chief Innovative Officer, or the Chief Operating Officer, each as an Authorized Representative pursuant to the Credit Agreement, and by either the Chief Financial Officer, the Secretary-Treasurer or the Assistant Secretary-Treasurer of the Board, as conclusive evidence of the Board's approval of such Draw. If the same officer represents more than one capacity the signature by that officer does not satisfy the dual signature requirement and one additional officer signature shall be required.

Section 4.04. Events of Default. Any Events of Default under the Credit Agreement shall constitute an Event of Default under this Series 2020 Subordinate Resolution.

## ARTICLE V

### MISCELLANEOUS PROVISIONS

#### Section 5.01. Effect of Covenants.

(a) All covenants, stipulations, obligations and agreements of the Board contained in this Series 2020 Subordinate Resolution shall be deemed to be covenants, stipulations, obligations and agreements of the Board and of each department and agency of the Board to the full extent authorized or permitted by law, and all such covenants, stipulations, obligations and agreements shall bind or inure to the benefit of the successor or successors thereof from time to time and any officer, board, body or commission to whom or to which any power or duty affecting such covenants, stipulations, obligations and agreements is transferred by or in accordance with law.

(b) Except as otherwise provided in this Series 2020 Subordinate Resolution, all rights, powers and privileges conferred and duties and liabilities imposed upon the Board by the provisions of this Series 2020 Subordinate Resolution shall be exercised or performed by the Board, or by such other officer, board, body or commission as may be required by law to exercise such powers or to perform such duties.

(c) No covenant, stipulation, obligation or agreement herein contained shall be deemed to be a covenant, stipulation, obligation or agreement of any member, agent or employee of the Board in his or her individual capacity, and neither the members of the Board nor any official executing the Series 2020 Subordinate Notes shall be liable personally on the Series 2020 Subordinate Notes or be subject to any personal liability or accountability by reason of the issuance thereof.

Section 5.02. Successorship of Board Officers. In the event that the office of any officer or official of the Board who is vested with responsibility under this Series 2020 Subordinate Resolution is abolished or any two or more offices are merged or consolidated, or in the event of a vacancy in any such office by reason of death, resignation, removal from office or otherwise, or in the event any such officer or official becomes incapable of performing the duties of his office by reason of sickness, absence from the Board or otherwise, all powers conferred and all obligations and duties imposed upon such officer or official shall be performed by the officer or official succeeding to the principal functions thereof or by the officer or official upon whom such powers, obligations and duties are imposed by law.

Section 5.03. Inconsistent Resolutions. Except for the Subordinate General Resolution, all resolutions and parts thereof that are inconsistent with any of the provisions of this Series 2020 Subordinate Resolution are hereby declared to be inapplicable to the provisions of this Series 2020 Subordinate Resolution.

Section 5.04. Noteholders Alone Have Rights Under Series 2020 Subordinate Resolution. Except as otherwise expressly provided herein, nothing in this Series 2020 Subordinate Resolution, expressed or implied, is intended or shall be construed to confer upon any person, firm or corporation, other than the Noteholders of the 2020 Subordinate Notes secured under this Series 2020 Subordinate Resolution, any right, remedy or claim, legal or equitable, under or by reason of this Series 2020 Subordinate Resolution. This Series 2020 Subordinate Resolution is intended to be for the sole and exclusive benefit of the Noteholders of the Series 2020 Subordinate Notes.

Section 5.05. Validation of Bonds. The proper officers of the Board may, if necessary, bring proper proceedings for the validation of the Series 2020 Subordinate Notes.

Section 5.06. Effect of Partial Invalidity. If any one or more of the provisions of this Series 2020 Subordinate Resolution or of any Series 2020 Subordinate Notes issued hereunder is held to be illegal or invalid, such illegality or invalidity shall not affect any other provision of this Series 2020 Subordinate Resolution or of the Series 2020 Subordinate Notes, and this Series 2020 Subordinate Resolution and the Series 2020 Subordinate Notes shall be construed and enforced as if such illegal or invalid provision had not been contained herein or therein.

Section 5.07. Further Official Action. Any Authorized Representatives as designated by the Subordinate General Resolution are authorized to transfer legally available funds from existing funds and accounts of the Board into the Funds and Accounts established hereunder, and are authorized to execute any agreements, certifications, financing statements, documents or other instruments which are necessary or appropriate in the judgment of such officers to perfect the transactions contemplated herein, or to protect the rights and interests of the Board or the Noteholders of the Series 2020 Subordinate Notes.

Section 5.08. Governing Law. The Series 2020 Subordinate Notes are issued and this Series 2020 Subordinate Resolution is adopted with the intent that the laws of the Commonwealth shall govern their construction.

Section 5.09. Effective Date. This Series 2020 Subordinate Resolution shall take effect immediately upon its adoption.



ADOPTED BY THE KENTON COUNTY AIRPORT BOARD this 16th day of March, 2020.

(SEAL)

  
\_\_\_\_\_  
J. Michael Schlotman  
Chairman  
Kenton County Airport Board

ATTEST:

  
\_\_\_\_\_  
Secretary-Treasurer  
Kenton County Airport Board

CERTIFICATION

I, the undersigned, do hereby certify that I am the duly appointed, qualified and acting Secretary-Treasurer of the Kenton County Airport Board (the "Board"), and, as such Secretary Treasurer, I further certify that the foregoing is a true, correct and complete copy of the Series 2020 Subordinate Resolution duly adopted by the Board at a duly convened meeting held on March 16, 2020, on the same occasion signed by the Chairman and now in full force and effect, all as appears from the official records of the Board in my possession and under my control.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the seal of this Board this 16th day of March, 2020.

(SEAL)

  
\_\_\_\_\_  
Secretary-Treasurer  
Kenton County Airport Board

**EXHIBIT A**

**FORM OF CREDIT AGREEMENT**

## **EXHIBIT B**

### **SERIES 2020 SUBORDINATE PROJECT**

The Series 2020 Subordinate Project consists of improvements to the property of the Board at the Airport including rehabilitations, additions to and replacement of runways, taxiways, aircraft ramps, roadways, parking facilities, cargo facilities, terminals and related facilities, systems and equipment as may be determined from time to time. The Series 2020 Subordinate Project includes, but is not limited to, (i) Taxiway N and Taxiway S Rehabilitation and Taxiway N Extension Project; (ii) Runway 9/27 and associated Taxiway Rehabilitation Project and (iii) the first phase of terminal improvement projects, including the Baggage Handling System Improvement Project at the Airport.